

Emperor's burden
Akihito is grappling with the problem of how to remain relevant to a younger generation



Offal truth
It is the meatiest of meats, the flesh that separates the genuine carnivores from the rest

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EU close to deal on top bank job

Wim Duisenberg may volunteer to go early so France's Trichet can take over

By Lionel Barber and Robert Graham in Brussels

European Union leaders are close to a compromise over the presidency of the future European Central bank. It would involve Wim Duisenberg, the Dutch candidate, announcing he is willing to serve a shortened term in office.

Tony Blair, British prime minister, is expected to present the deal in Brussels at today's historic European summit, which will choose the 11 founder members of the single currency, the euro. A serious major sticking point is that French president Jacques Chirac is holding out for a firm date for Mr Duisenberg to step down from the ECB post to make way for a French candidate, according to senior Paris officials.

The ECB job is one of the most important in international banking. Mr Chirac has been pressing for Mr Duisenberg to leave office by 2002 at the latest to make way for Jean-Claude Trichet, governor of the Bank of France, the officials said.

Under the proposed deal, EU leaders would award Mr Duisenberg a full eight-year non-renew-

able term as ECB president in compliance with the Maastricht treaty. However, Mr Duisenberg, 63, who heads the European Monetary Institute, forerunner of the ECB, would agree to volunteer for early retirement.

According to a UK government member, Mr Chirac is insisting on a specific date: Wim Kok, the Dutch premier, wants him to stay in place as long as is necessary to see through the transitional arrangements of monetary union.

Mr Blair was last night seeking to persuade Mr Kok that the deal is consistent with the Maastricht treaty, which guarantees the independence of the central bank.

British officials expressed cautious optimism that a deal could be struck, but warned that the Dutch did not want too obvious a compromise just before the general election on May 6. "There are still difficulties," said one Downing Street official.

President Chirac triggered the row over the ECB presidency late last year by nominating Mr Trichet as a rival candidate to Mr Duisenberg, who is supported by 14 other EU governments.

The French socialist government has signalled readiness to



Balanced currency: European Commission president Jacques Santer (right) and monetary affairs commissioner Yves-Thibault de Sèguy at a Brussels news conference yesterday for the launch of the euro

cut a deal, aware that the Brussels summit cannot credibly launch the euro without an agreement on the ECB presidency. In the general horse-trading, Paris has sought to extract other concessions on the political nature of the Euro-X council for euro zone countries and to win the top civil service appointment for a French national.

These concessions are seen as essential if President Chirac is to present a face-saving deal which would explain to the French public why he had failed to win the ECB job for France to balance the central bank going to Frankfurt, Germany.

France is also expected to win assurances that the ECB vice-president in the six-person

executive board will also go to a French citizen - despite calls from smaller countries for better representation. President Chirac is thought to be seeking the appointment of Christian Noyer, a former chief of staff at the French finance ministry.

Banks warned, Page 2
What the euro will do to you, Page 6

Safety-first tactics for soccer's private passions

By David Owen in Paris

Ten tonnes of World Cup condoms were due to be delivered at Nice airport in southern France yesterday morning for distribution to world football fans.

The contraceptives are among more than 400 officially licensed products that will help make this summer's tournament in France one of the most heavily commercialised sports events ever. The licensed goods encompass virtually every activity imaginable, ranging from dog leads to

pouffes, toilet paper to waterproof ponchos.

All told, they are expected to generate some FF80bn (\$1.3bn) of retail turnover - about double the amount produced by the last World Cup in the US in 1994.

Many items are already selling fast. Pet Brands, based in the English Midlands, is a pet accessories group whose World Cup range includes dog dishes and squeaky vinyl dog footfalls, as well as France 96 leashes and collars.

David Alton, Pet Brands' managing director, says the company

has sold "all we can produce".

Goulds, which makes paper products in north west England, reports selling 10,000 cases of facial tissues to one UK retailer this week alone.

The group is also supplying World Cup toilet paper embellished with goal-posts, football boots and the like. Sarah Roberts, account handler, says the product has been tailored for the continental European market, with rolls of 188 sheets, rather than 200-240 sheets - the norm in the UK.

As for the condoms, yesterday's scheduled delivery is only the first of three due in May, according to Raymond Cohen, president of Laboratoire International de Diffusion, the Cannes-based company licensed to supply them.

The company plans to distribute a total of between 30 and 22 tonnes, or about 5m condoms, made from best Malaysian rubber, around Europe in what will be its first venture into export markets.

Mr Cohen thinks the operation could nearly double the group's

annual turnover of about FF6m.

He says the condoms themselves will be no different from the company's usual product, but the full wrapping will incorporate the World Cup logo, while Footix, the Cup's official mascot, is featured in the red, white and blue outside packaging.

The full list of officially licensed product manufacturers runs to nearly 40 pages and includes such household names as Adidas France, Anheuser Busch, Staffordshire Tableware, The Rack and the Zippro Manufacturing Company.

\$17bn spent by Japan to prop up falling yen

Economy teeters close to recession

By Gillian Tett in Tokyo

Japan spent an estimated \$17bn intervening in currency markets last month in an attempt to support the weak yen, according to government figures.

The figure was twice as much as traders originally estimated and reflected the Japanese government's depth of concern about the yen. The intervention started on April 8 and is believed to be the largest made by the central bank in such a short time.

Yesterday the yen continued to weaken, touching ¥133.45 against the US dollar, the lowest level since the current intervention started.

The intervention was triggered by worries that financial markets have adopted a "sell Japan" mentality in which investors shun Japanese assets including the currency. The yen has been perceived as vulnerable because of the weakness of the economy.

Recent data have shown the world's second largest economy is teetering near recession. Yesterday figures showed that Japan's household spending fell 5.7 per cent in the year to March, while new car sales fell to a 21-year low.

Thousands of people marched in protest yesterday at the government's handling of the economy in the first May Day demonstration in seven years. Unemployment in March hit a record high in Japan of 3.9 per cent of the workforce - up from 3.6 per cent the previous month.

Recent stimulus packages have failed to lift the market or the currency.

In the coming days several top Japanese politicians and bureaucrats will meet US officials and managers of American hedge

funds in an effort to boost international confidence in Japan. The US has led the complaints urging Japan to do more to help its economy.

The Bank of Japan's currency operations are usually a closely guarded secret. But its interventions can be deduced from the Ministry of Finance's figures on foreign exchange reserves. Data for April show that reserves plunged \$17.5bn in April, or 9 per cent, to \$205.5bn. This is the largest monthly fall on record, eclipsing the previous record \$8.1bn drop recorded in March 1991.

Economists believe April's decline stemmed from dollar sales. Robert Feldman of Morgan Stanley, the US investment bank, said: "Japan earns about \$1bn a month on interest anyway on foreign reserves, so intervention could have been around \$1bn."

In addition, the central bank received ¥2,775bn from the private sector in April through its foreign exchange account. This reflected concerted intervention on behalf of the bank by commercial banks, foreign central banks, public funds and other institutions, economists said.

At ¥130 to the dollar, total intervention was more than \$21bn in dollar terms in April.

Last month, the government admitted that it had intervened to support the yen on April 11. At the time most traders estimated that the level of support was between \$4bn and \$10bn.

Economists warn that the currency could fall further because of market concern about Japan's economic weakness and a continued large expansion in the Bank of Japan's balance sheet.

Currencies, Page 9

News General

US manufacturing slows

The US purchasing managers' index fell last month, signalling a slower rate of growth in the manufacturing sector during April as increased imports hit domestic activity. US Commerce Department data also indicate that the economy, which grew at an estimated annual rate of 4.2 per cent in the first quarter, is losing steam. Page 4

Former Black Panther leader dies at 62

Edridge Cleaver, a former leader and founder member of the revolutionary black nationalist movement the Black Panthers, died yesterday aged 62. In the 1960s he had been both a convict and an author and had run unsuccessfully for president in 1968. He went on to denounce his past and join the Republican Party.

Oxford university loses a little of its lustre

Oxford and Cambridge universities are entwined in the public imagination, as the term "Oxbridge", coined in the mid-19th century, suggests. But in the first Financial Times survey of Britain's top universities, Cambridge came top of the league, followed not by Oxford, but by London University's Imperial College. Page 5

Armeni academics replace the raiders of the 1980s

Although they still sport Armani suits, the new breed of bankers act more like academics than the smash-buckling corporate raiders of the 1980s. As mergers become the dominant theme of American corporate life, back-room boys such as Gary Parr, co-head of mergers and acquisitions at Morgan Stanley Dean Witter, are becoming the norm. Page 7

Man in the News

Helmut Kohl
Helmut Kohl's dogged pursuit of European integration has led to the birth of the euro. Designated and ingenious in shepherding the project to fruition, at home he is fighting for his political life. But whatever the outcome of Germany's September elections, his contribution to European history will live on. Page 7



News Business

British Biotech faces upheaval

British Biotech, the company once seen as the flagship of its sector, has been rocked over the last two weeks by the disclosure of Dr Andrew Miller, the sacked head of clinical research. Now board directors themselves face being deposed. The FT pieces together a complex and surprising story. Page 22

RAC in talks with Candant on £450m sale

The RAC signed an agreement to hold exclusive talks about a £450m (\$752m) sale of its breakdown service to Candant, the US direct marketing group. Candant has completed its all-cash, \$1.3bn acquisition of National Car Parks. The sale would net each of the 12,000 members of the RAC's Pull Mall club about £35,000. Page 5

VW expected to offer £400m-£500m for R-R Motors

Volkswagen is expected to approach Vickers next week with an offer of between £400m and £500m for Rolls-Royce Motor Cars. The German carmaker is determined to put a firm offer before the company before BMW's rival offer of £340m is voted on by shareholders in June. Vickers has said it is not seeking offers but would consider new bids. Page 24

US shares mixed as technology shows weakness

US shares were mixed at midday, with investors bidding up blue chips, but showing only slight enthusiasm for technology stocks. By early afternoon, the Dow Jones Industrial Average was up 25.16 at 9,088.53. Weakness in many technology issues sent the Nasdaq composite down by less than one point to 1,867.49. World stocks, Page 21; London stocks, Page 17; Currencies, Page 9; Markets, FT Weekend Page XXII

Boosey & Hawkes secures its independence

Boosey & Hawkes, one of the world's largest musical instrument manufacturers and classical music publishers, won its independence by buying out its biggest shareholder, Carl Fischer, the privately owned US music publisher. Boosey's future has been in doubt since the Fischer family put its company up for sale. Page 23

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MORSE

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WORLD NEWS

SINGLE CURRENCY CITIBANK AND ABN AMRO PLAN TO QUOTE PRICES

Euro trading to start on Monday

By Richard Adams in London

Trading in the euro, Europe's new single currency, will effectively start on Monday, after leading banks from the US and Europe said they were to offer prices in the currency.

Citibank, the US bank with the world's largest foreign exchange operation, and ABN Amro, the Dutch bank, announced yesterday they planned to quote prices in the euro for their clients starting from Monday.

The banks' decision to offer an unofficial "grey market" in the euro - before

it comes into existence next January - is a strong sign the financial markets have fully accepted the launch of the currency.

Guy Whittaker, Citibank's global head of foreign exchange, said: "We thought we would take the initiative and establish a grey market. As a leading bank, we need to take a leading role in this."

Citibank, which already trades more than 140 different currencies in 100 countries, will offer a full range of interest rate contracts and options using the euro, including forward contracts

and swaps. "For companies and investors who are committed to Europe, and wish to hedge their exposure further forward, as of Monday morning we will be there," Mr Whittaker said.

ABN Amro yesterday started advertising its euro rates against the US dollar, sterling and the Japanese yen using the Reuters network of terminals. It priced a contract to sell 1.1240 euros for one dollar, to be delivered on the first trading day of 1999.

Tony Norfield, ABN Amro's head of Treasury Research, said the informa-

tion would be valuable for companies and investors judging the rates at which they can buy or sell the new currency next year.

ABN Amro has also said it will print bank statements denominated in both Dutch guilders and euros to its retail customers in the Netherlands, after this week's summit in Brussels.

The bank said it hoped the move will familiarise its customers with the euro and its value. Until the euro makes its debut as a currency next year, the European currency unit acts as a surrogate for trading. Under international

agreements, the Ecu will be traded at a one-to-one swap with the euro when the new currency becomes an official currency.

Mr Whittaker said Citibank had decided to offer prices in euros after some enquiries from the bank's clients, and expects the new currency instruments to provoke interest from more. "It's something clients will want to take up. It is giving them the flexibility for when they want to do this," Mr Whittaker said.

What the euro will do for you, Page 6

Banks warned on currency charges

By Wolfgang Münch in Brussels

European Union finance ministers will tonight put pressure on banks to avoid charging for currency exchanges between the euro, the future single European currency, and national denominations.

The move - which endorses a European Commission plan - is designed to increase the euro's popularity among EU citizens, and forms part of an overall package to ease potential confusion during the transition period from 1999 until the end of 2001.

The euro and national denominations will co-exist during that period, before the official introduction of euro coins and bank notes in 2002. Other provisions include common standards for dual pricing of goods in retail stores, and the establishment of national watchdogs to help co-ordinate the transition period in member states.

The Commission yesterday put the three-point plan on the agenda of tonight's meeting of economic and finance ministers at the Brussels summit.

Ministers are expected to approve a recommendation in which banks adopt a "standard practice" not to charge for non-cash conversions between the euro and national currencies, cash transactions for small amounts, and the one-time conversion of accounts from national currencies into euros. Banks will also be discouraged from charging different fees for accounts held in euros and accounts held in national currencies.

The issue is likely to prove controversial among some currency exchange operators. A senior executive of one London-based currency exchange company indicated that his company would probably ignore the advice and charge a "handling fee" for cash transactions. He said it would still cost money to handle and store banknotes, even in the absence of an exchange-rate risk under economic and monetary union.

NEWS DIGEST

NATO EXPANSION

Entry of Poles, Czechs and Hungarians approved

The White House yesterday welcomed the US Senate's decision to approve the expansion of the Nato military alliance to include Poland, the Czech Republic and Hungary. After a contentious debate, the Senate voted 80-19 on Thursday night in favour of the proposal, easily meeting the two-thirds majority required for passage.

The decision is a victory for President Bill Clinton, who had strongly backed the proposed expansion. "The vote is a major milestone on the road to an undivided, democratic and peaceful Europe," he said.

The proposals had initially been expected to pass with almost no opposition, but in the past week a small group of legislators and policy analysts sought to head off the measure, warning it would alienate Russia and cost billions of dollars to implement. Mark Suzman, Washington

SOUTH KOREA RIOT

Tear gas fired at protesters

South Korean riot police in armoured cars yesterday fired tear gas at thousands of rock-throwing workers protesting about growing job losses.

Police fired at least 100 volleys of tear gas canisters in a rally at Seoul's Chongro city park, called by the Korean Confederation of Trade Unions (KCTU), witnesses said.

The riot erupted when police tried to stop workers from pouring out of the park on to the streets for a May Day march to Myeongdong cathedral, a traditional rallying point for demonstrations.

Union members, their faces covered with bandannas to ward off the gas, charged police ranks with lead pipes.

"The police should not have stopped these workers, who were ready to explode because of the devastation of losing jobs or facing lay-offs," Chung Sung-hee, a KCTU spokesman, said. At least two workers were taken to hospital with injuries. Witnesses said a number of people have been detained. Reuters, Seoul

CZECHNYA

Russian envoy kidnapped

President Boris Yeltsin's personal envoy to Chechnya, Valentin Vlasov, was kidnapped on the western border of the breakaway republic yesterday. Half a dozen gunmen fired on his car, stopping it in its tracks before hijacking it.

It is the first time a senior civilian official has been abducted in the region and adds to the spiralling number of kidnappings in the North Caucasus.

Mr Vlasov has been a central figure behind the scenes negotiating a peace settlement with Chechnya since Russia pulled out its troops in 1996.

Mr Yeltsin immediately sent Ivan Rybkin, former secretary of the Security Council in charge of negotiations with the Chechens for the last year, to the Chechen capital Grozny to confer with Chechen officials.

Neither Russia or Chechnya have been able to curb the spate of kidnappings which have targeted foreign aid workers and journalists. Carlotta Gall, Moscow

INDIA'S ECONOMY

Slightly higher growth forecast

India can expect marginally higher economic growth of 5.56 per cent for the current fiscal year, against 5 per cent last year, according to a research group. But the National Council of Applied Economic Research added that India may significantly undershoot official targets of 20 per cent export growth for the year with a rise of just below 7 per cent.

The forecast, among the first from an independent agency for this year, also predicted the Bharatiya Janata Party-led government would have, at best, limited success in cutting the fiscal deficit from last year's 6.1 per cent of gross domestic product, foreseeing a gap of 5.7 per cent.

The Delhi-based body said inflation was likely to rise from below 5 per cent to around 7 per cent. All forecasts were based on "normal" monsoon rains, which should begin next month and did not account for significant policy changes under the BJP-led government, which is expected to present its first full budget on June 1. Mark Nicholson, New Delhi

AIRPORT PROJECT

Berlin short-list shrinks

The short-list of candidates to build and operate Berlin's planned international airport has shrunk again after the surprise withdrawal late on Thursday of a German-American-Danish consortium from the bidding.

The exit of the Copenhagen airport authority, Bechtel of the US and Commerzbank of Germany, leaves only two of the original short-listed consortia in the running to acquire Berlin's existing airport holding company, BfF, from the public sector. Development of the new facility, to be called Berlin-Brandenburg International, is expected to cost up to DM7bn (\$3.9bn). Final bids in the region of DM800m, are due to be made on June 2 and a decision is expected in autumn.

No formal reason was given for the departure of Copenhagen Airports, Commerzbank and Bechtel, though the companies are believed to have been disappointed that the public sector, represented by the states of Berlin and Brandenburg and the federal government, would not retain a stake in BfF.

The front-runner remains a consortium made up of the Frankfurt Airport authority, the German construction company Hochtief, and the engineering groups Siemens and ABB. It faces competition from a group including IVG, a privatised German industrial holding company, the Vienna airport authority and Dresdner Bank. Frederick Stüdemann, Berlin

TV PROGRAMMES

US accuses Greece of piracy

The US yesterday accused Greece of widespread piracy of American television programmes and movies and said it would file a complaint to the World Trade Organisation.

As part of an annual review of piracy of copyrights and patents, the US put 15 trading partners, including Israel, Argentina and the European Union on a "priority watch list". US businesses complain that piracy of American films, books and computer software costs billions of dollars annually in lost sales.

To combat the problem the administration issues an annual report in which it singles out countries where the problems are considered the worst for possible trade sanctions if the nations do not institute reforms.

China, the focus for US efforts for several years, was praised for improvements it has made, but placed in a special category that will allow the administration to initiate trade sanctions quickly should its piracy crackdown efforts falter.

In announcing that it would bring a case against Greece before the WTO, the administration said the country had failed to take action against 150 Greek television stations which continued to broadcast US films and television programmes without payment to US copyright holders. AP, Washington

Feathers start to fly as Danish dispute drags on

Farmers warn of a disaster for the poultry and pork sectors, with animals dying in appalling conditions, if the national strike is not settled by this weekend. Tim Burt reports

The bird song of Jutland - the sound of thousands of chickens awaiting slaughter - is expected to reach unprecedented levels this weekend as Denmark's national strike enters its sixth day.

Farmers in the region, the centre of the country's poultry industry, are warning of a disaster as birds due for the chop fight for space in overcrowded chicken-houses.

"The noise is unbearable," says one west coast farmer. "Birds are getting too big because we cannot get them to market. There is no room and many of them will die horribly."

Farmers' leaders have asked union representatives to show clemency to the overstocked fowl by lifting their transport embargo, which has brought the country's road and rail network to a virtual standstill.

Unless the chickens can be delivered to the slaughterhouses, they face a

less humane demise. Industry experts say the birds will either die of asphyxiation or their bone structure will collapse as they gain weight.

"Every bird is putting on 60 grammes a day," says Tag Lysegaard, secretary general of the Danish poultry association.

"If you have a chicken house with 50,000 broilers, the total weight is increasing by 3 tonnes every 24 hours."

Mr Lysegaard warns of a catastrophe if the strike lasts another week. Exports, which account for more than 80 per cent of Denmark's poultry production, have already been hit and thousands of birds may have to be destroyed.

The chicken farmers are the latest victims of a dispute which has grounded airlines, halted manufacturing production and led to panic buying of petrol and basic foodstuffs.

Although union leaders and employers are meeting



Will this little pig get to market?

Tony Andrews

this weekend in a bid to end the industrial action, it could take a week before normal services resume - even if a deal is agreed.

The Danish agriculture council, which oversees an industry worth Dkr31bn (\$11.8bn) a year, says the poultry problems could soon spread to one of the country's most famous exports - bacon.

Pig farmers are said to be facing similar problems as the chicken sector, with overweight animals causing severe congestion.

Nils Andreasen, a senior official at the agriculture council, fears the worst. "Pigmeat is our biggest

[agricultural] export. It could take months to recover if this strike carries on."

The Danish government has declined to intervene in the dispute - centred on a two-year wage agreement and holiday entitlements - in the hope that unions and employers would reach a deal by a self-imposed deadline tomorrow.

Union leaders yesterday signalled a willingness to compromise by suggesting that workers' demands for a sixth week of annual paid holiday were unrealistic.

Expectations of government intervention

Santer soothes worries over Crédit Lyonnais

By Santer Iskander in Brussels

Jacques Santer, president of the European Commission, yesterday moved to defuse the conflict over the French authorities' latest rescue package for Crédit Lyonnais, the troubled bank.

Mr Santer's assurances that the Commission was seeking a viable solution for Crédit Lyonnais should help create a more favourable climate for negotiations over the planned European Central Bank, including the decision, due to be taken today, about who should be its president.

Relations between France and its EU partners have soured in recent weeks over President Jacques Chirac's insistence that Jean-Claude Trichet, governor of the French central bank, should head the ECB. Tension has also been building as the

Commission threatened to block the latest proposed rescue package for Crédit Lyonnais. "The Commission is looking for a solution (that ensures) the viability of Crédit Lyonnais," Mr Santer said. "It is not in the Commission's interest to find a solution that is not viable."

Commission officials refused to comment on reports in the French media that Dominique Strauss-Kahn, the French finance minister, and Karel Van Miert, EU competition commissioner, were due to meet on the fringes of the EU summit to discuss Crédit Lyonnais. Brussels was also buzzing with speculation that the bank might be the subject of informal talks this weekend between Mr Santer and Lionel Jospin, the French prime minister.

Although in recent days both the Commission and the French authorities hardened their stance over Crédit Lyonnais, Mr Santer yesterday said a compromise was likely to be reached.

"In the proposals of the Commission and the French government there is room for a compromise," he said. "We should be able to find a solution that is in the interest of Crédit Lyonnais."

Yesterday was the deadline for the French government to submit concessions in exchange for the Commission's approval for the rescue package. So far, the two parties have only agreed on a French commitment to privatise the bank before the end of next year. The Commission is still insisting that Crédit Lyonnais divest all its European operations outside France.

Falling an agreement, the Commission could block the new aid and force the bank to repay subsidies it received from the French state in 1996. A final decision by the Commission is expected on May 13.



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دولتي ٢٠١٥

IMF looks at need to spur Thai growth

By Peter Montagnon, Asia Editor, in Geneva

Thailand has agreed with the International Monetary Fund that the time has come to look at ways of restoring growth to its economy now that its markets have stabilised after the turbulence that followed last year's devaluation.

"We simply cannot let the economy go through a sharper than expected contraction," said Tarrin Nimmanaheminda, the finance minister. "It would be counter-productive to the strengthening of the financial system in the long run."

An examination of ways of boosting the economy will be the focus of the IMF mission due to visit Bangkok this month, he said in an interview at the Asian Development Bank's annual meeting in Geneva. The shift in approach marks a new phase in the Asian crisis, as efforts in Thailand and other stricken countries have so far concentrated on stabilising financial markets and the banking sector.

Thailand, which has won plaudits for its banking reforms, would thus become the first country to enter the new rehabilitation phase, but Mr Tarrin said the policy shift was also motivated by deepening concern about the impact of the crisis on the real economy.

A forecast by the Washington-based Institute of International Finance this week put the likely contraction of the Thai economy at 7 per cent this year. Mr Tarrin said there was a risk that output could fall that far if there was no change in policy, even though the government is officially forecasting a fall of only 3 to 3.5 per cent in gross domestic product.

But he said Thailand faced a delicate choice in deciding whether to emphasise monetary or fiscal policy to steer the economy back towards expansion. Business in Thailand has been voracious in calling for lower interest rates and an end to the credit squeeze, which has stifled attempts by exporters to benefit from the country's lower exchange rate.

Some fall in interest rates could be expected as the government moved to refinance the bond market borrowings from the banking system used to bail out troubled financial institutions. That would lead to the issue of some \$150 billion (\$12.9bn) in new domestic bonds over the next year and free banks to lend to industry again, he said.

But the authorities would have to proceed cautiously about any drop in interest rates, given residual anxiety about the exchange rate and since inflation is creeping up.

● The Asian Development Bank is facing a serious shortfall in its development fund, which provides subsidised lending to the region's poorest economies, Mitsuo Sato, its president, said yesterday.

While the fund had expected contributions of \$6.3bn to cover its lending up to 2001, the amount received had turned out to be only \$4.5bn, he said.

The main reason was the weakness of the yen, in which Japan's contribution of more than a third of the total is denominated. But some countries had failed to come up with the money they had pledged and the Asian economic crisis meant the bank could not spare any additional contributions from its annual profits.

China's pyramids of unsold foot masseurs

Beijing's ban on direct selling schemes has dashed salesmen's hopes of riches, has left them with piles of goods on hand, and has sparked rioting. James Harding reports

When Mr Chen started buying up massage machines to sell on to his friends and neighbours, he bought into the company's promise that the devices would "create a happy life". Instead, he says, they have ruined it.

China has banned direct selling operations and, in a legislative stroke, snuffed out the dreams of hundreds of thousands of people like Mr Chen who joined pyramid schemes to sell cosmetics, household appliances and health-care products in the hope of leapfrogging their way out of poverty and into the realms of the new rich.

"It has left me worse than bankrupt," says the unemployed steelworker, who has been left with 60 mechanised foot masseurs and, now barred from selling them, losses of roughly ¥40,000 (\$4,800).

Along with 10,000 other disgruntled door-to-door salesmen who have travelled from all over China, Mr Chen came to the small provincial town of Zhangjiajie last week to get his money back.

The town sits beside a

spectacular mountain range in central Hunan province and, being a favourite destination for Chinese holiday-makers, has spawned a number of pyramid sales businesses that convince tourists to take goods to sell on to their near and dear back home. It is the headquarters of the now bolted offices of the company that makes the massage devices - Kangfubao (Treasure of Healthy Skin Inc).

After the crowd gathered demanding compensation, things quickly got out of control. There were riots through the main streets of the city, as vehicles were overturned and property vandalised. Four people were reported dead. More than 100 were injured.

The disturbances have served as a sharp reminder of the fragility of social order in China. As the painful process of restructuring state industries leaves millions of people out of work and excluded from the nation's new-found prosperity, the gulf between rich and poor is widening. Fantasies of short-cuts to wealth are ever more appealing and those with high

hopes have further to fall.

Pyramid sales schemes, such as the network of people distributing Kangfubao's fully automated, traditional foot masseurs, have traded on soaring Chinese aspirations.

"We got into selling these things because times are hard," said one man from a farming village in Anhui province, wearing a synthetic beige suit, shiny red tie and muddy office shoes.

"We heard about these people who were selling massage machines at a 60 or 70 per cent profit each time. We were told they were making a fortune."

"Now, sales are banned by the central government and I am left with one of these machines and I can't get rid of it," he said. And, then, after a pause: "Do you want to buy it? I bought it for ¥3,500 but I'll give it to you cheap, say ¥1,000, because of the problems with this business."

He was into his sales pitch: "I've also got just a few boxes left of these 'Snowy Mountain' dietary pills. They're based on a traditional Tibetan recipe," he said, reaching into a bag of

products. "I tell you, they really work. You'll really lose weight. All the leaders use them. You know Jiang Zemin - he takes two a day."

President Jiang Zemin's government has banned pyramid schemes, partly because it believes the system of chain selling has fostered some unscrupulous sales techniques and allowed some entrepreneurs to perpetrate classic scams on China's many trusting consumers. Some officials say the schemes have nurtured "underground" social and religious groups.

In the process of stamping out commercial charlatans, the ban on direct selling and pyramid sales threatens to hurt some big international door-to-door distributors, such as Amway, Avon Products and Mary Kay Cosmetics. The US government has started lobbying to have the ban lifted, or at least modified to allow these companies to continue operations.

The lobbying efforts of the lingering discontented salesmen has met with a firm response from the local authorities in Zhangjiajie,



A man argues with police in Beijing yesterday. Police have been urged to crack down on crimes endangering social order. Reuters

where there is still a noticeable police presence and a scattering of soldiers left over from last week's riots.

"The government decided to ban all pyramid sales businesses and this created a small problem here," said a representative from the municipal government business bureau. "Now, as you can see, order has been restored. Most of the complaints have been dealt with. The government cannot

compensate these people, but it will act as a judge in each case." Some of Zhangjiajie's residents, though, saw little reason to be sympathetic. Mr Wu, who runs one of the city's many outdoor hot-spots, said: "It was a grand system for cheats. I sell one to you, cheat you a little. You sell one to your friend, cheat him a little. He sells one to his friend... and so on."

PNG rebels embrace former foes

By Susan Robinson in Bougainville, Papua New Guinea

If Hollywood was faithful to recent events in Bougainville, in eastern Papua New Guinea, the movie would be too corny to believe. Yet, the history of the lush tropical island is hard to exaggerate.

There was a nine-year civil war, sparked when landowners disagreed over rich mining interests. As the death toll mounted, a previous government brought in UK-based mercenaries to wipe out secessionist rebels.

The failure of the operation was exposed last year, prompting New Zealand and Australia to broker a peace agreement. After 15 months of talks those peace efforts culminated on Thursday in one of the most colourful ceremonies to be held on the island. In barking best, rebel leaders left their mountain strongholds and embraced their former enemies in the armed forces in a day of rituals, prayers and speeches. One enigmatic rebel leader, the enigmatic Frances Ona, stayed on his mountain - a Kuria-like character in a local version of Conrad's *Heart of Darkness*.

He threatened yesterday his armed band would "shoot to kill" the 300 Australian, New Zealand and Pacific island soldiers and civilians monitoring the peace. A committee of former warring parties, meanwhile, has agreed to draw up a blueprint for Bougainville's future government.

"The war has ended," Sam Kauona, the young commander of the Bougainville Revolutionary Army, told 2,000 residents and about 50 foreign envoys on Thursday. Mr Kauona and Joseph Kabui, a leader of the rebels' political arm, last year carried a bounty of more than A\$200,000 (US\$130,000) on their heads. At this week's ceremony, they joined a peace-making ritual with Bill Skate, the PNG prime minister, and embraced former enemies in the army.

Foreign ministers from Australia, New Zealand and South Pacific countries, who helped broker the peace agreement, flew to the remote island by military aircraft - the only transport available - for the ceremony.

On the way, they saw the skeletons of burned out buildings, looted and smashed factories and devastated towns. It was a reminder of what Bougainville once was: the country's showcase province, its wealth of mineral resources centred on the massive Panguna copper mine, run by Bougainville Copper in the mountainous southern region. The lucrative mine supported 15,000 expatriates. "Life was sweet," said an Australian who worked there in the 1970s.

As war set in, Bougainville rapidly disintegrated. Separatist movements had come and gone for decades, with a brief period of independence in the 1960s. But disputes in



the late 1980s over royalties claimed by landowners from the mine, majority-owned by Rio Tinto, the Anglo-Australian mining company, triggered the civil war.

The conflict culminated last year in the Sandline scandal, named after the UK mercenary company. The operation, still in the planning stages, came spectacularly unstuck, resulting in the kidnapping and brief detention of Tim Spicer, an ex-British army officer and Sandline's chief executive.

The one sour note in Bougainville's new peace was the absence of Mr Ona, who split from his colleagues over the peace process.

Mr Ona, estimated to have no more than 300 supporters, needs to be handled with care, said Alexander Downer, Australian foreign minister, yesterday. "In time, I'm sure he will see the integrity of the peace deal and come on board," he added.

BAT INDUSTRIES

Financial services profit up 16%, with tobacco ahead by 7%

Three months unaudited results to 31 March 1998

OPERATING PROFIT	£659m	+10%
PRE-TAX PROFIT	£573m	-2%
EARNINGS PER SHARE	10.7p	-4%

● Trading profit from financial services rose by 16 per cent to £298 million, with excellent results from almost all parts of the business. Non-life profit was 22 per cent higher at £167 million and life profit grew by 9 per cent to £131 million.

● Tobacco trading profit at £369 million was 7 per cent higher and Group cigarette volumes rose 2 per cent. There were good performances from the Latin America, Europe and America regions, partly offset by America-Pacific and Asia-Pacific.

● The pre-tax profit comparison was affected by the absence of last year's £46 million gain on disposal of a business, together with a higher interest charge and adverse currency movements.

● Much progress has been made in preparing the Listing Particulars for Allied Zurich and British American Tobacco and the Board remains firmly convinced that the proposals will prove very beneficial for shareholders.

INTERNATIONAL

US STATISTICS PURCHASING MANAGERS' INDEX SIGNALS SLOWER GROWTH IN MANUFACTURING

April figures show US economy losing steam

By Nancy Dunne in Washington

The US purchasing managers' index fell last month, signalling a slower rate of growth in the manufacturing sector as increased imports took a toll on domestic activity.

Separately, data published yesterday by the US Commerce Department also indicate that the economy, which grew at an estimated annual rate of 4.2 per cent in the first quarter,

is losing some steam. Construction spending fell by 0.5 per cent in March, the first decline since November 1997.

Personal income increased 0.3 per cent in March, compared with an unrevised 0.8 per cent rise in February and 0.5 per cent increase in January.

The March rise was the smallest since July 1997. Analysts said neither the purchasing managers' index nor the slowing construction

activity in March and slower growth in wage and salary incomes was strong evidence of a slowdown.

In mid-afternoon trading, 30-year US Treasury bonds firmed, while yields eased to 5.94 per cent from Thursday's close of 5.95 per cent.

The purchasing managers' index fell from 54.8 per cent in March to 52.9 per cent. The index showed both production and new orders growing, but at a slower

pace than in recent months. Manufacturing employment stagnated.

The National Association of Purchasing Management, which publishes the index, said its "greatest concern" was the impact of the Asian crisis on export and imports.

Construction spending was weaker than expected. Housing has been strong, in part due to stable interest rates and a mild winter. Spending for new homes continued to rise, increasing

by 1.6 per cent in March compared with a 1.1 per cent increase in February.

However, non-residential spending fell by 0.3 per cent after dropping 3.4 per cent in February.

Public construction dropped 2.8 per cent in March after gaining 1.9 per cent in February.

Personal income increased by \$23.1bn, or 0.3 per cent, in March with disposable personal income up by 0.4 per cent. Wage and salary

disbursement increased \$8.3bn in March, down from a \$33.5bn increase in February.

Manufacturing payrolls declined by \$400m in March, after rising \$3.4bn the previous month. Government wage and salary disbursements rose by 1.5bn, compared with an increase of \$2.4bn in February.

Service industry payrolls increased by \$9.9bn, after rising \$19.3bn in February.

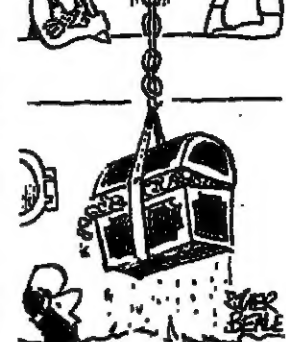
High tech clues help Cuba's treasure hunt

Bullion worth hundreds of thousands of dollars is being pulled from the wrecks of Spanish galleons, reports Pascal Fletcher

Imagine a tropical Caribbean island. Think of Spanish galleons, sunken treasure, pirate's gold.

This might sound like the stuff of storybooks. But it is a serious business for at least two foreign companies hunting for treasure-laden shipwrecks off western Cuba.

HOW MANY EUROS TO THE DOUBLOON?



"It has romance, it has adventure and it has attracted tremendous attention," said Sethu Ramani, director of Visa Gold Resources, a Toronto-based company which has set up a joint venture with a Cuban company to explore and recover shipwrecks of Spanish galleons.

Another Canadian company, Terrawest Industries of Vancouver, has spent two years in a similar hunt for sunken treasure off Cuba.

Both have separate agreements with Geomar, a company specialising in under-sea archaeology linked to Cuba's armed forces.

Terrawest's Canadian-Cuban team of divers and archaeologists last year brought up more than 600 silver coins, silver bars, gemstones and other artefacts from the wreck of the 17th century Spanish galleon Nuestra Señora de Las Mercedes just north-east of Havana. Experts were working to evaluate these finds, believed to be worth several hundred thousand dollars.

Eddy Fernández, Geomar's director, said a third joint venture was being negotiated with a South African company.

water, historians and archaeologists need to put in hours of research to pinpoint wreck sites, combing Spanish colonial records in Havana and Seville, Spain.

Terrawest and Visa Gold have separate offshore concessions north and south of western Cuba, including the Isle of Youth, an inhabited island south west of the main island.

"You have to do your homework," Terrawest's vice-president, Glenn Costello, said.

The treasure hunters use the latest technology to locate wrecks, such as magnetic field scanners, the global positioning system (GPS) and side-scan sonars.

Mr Costello hoped to start hunting this month for three other 16th and 17th century galleon wrecks in the Los Colorados archipelago north of Pinar del Rio province. Spanish court martial records showed one to be the Spanish ship "Trinidad", which went down with a cargo of gold, silver and gemstones.

Legend has it that this island, formerly known as the Isle of Pines, was the inspiration for Robert Louis Stevenson's classic, *Treasure Island*.

Historians may dispute this, but there is nothing fictional about Cuba's colourful past as the rendezvous point for the transatlantic Spanish treasure fleets of the 16th, 17th and 18th centuries. Their galleons, loaded down with gold, silver and jewels from Spain's New World colonies, ran the gauntlet of marauding pirates, tropical storms and treacherous underwater reefs.

Many, perhaps several hundred, did not make it. Their pulverised coral-encrusted remains lie scattered among the reefs and keys that dot Cuba's western coast. Some of the locations are known, others are not.

But before diving crews—who do not come cheap—can even dip a flipper into the

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Seven killed in anti-Abacha demonstration

At least seven people were reported killed yesterday when police in Nigeria's south-western city of Ibadan opened fire on demonstrators taking part in a May Day protest against the military regime of Sani Abacha, agencies report from Lagos.

He said the offices of a local newspaper, Monitor, had been burned because its publisher was seen as pro-Abacha.

The violence came as the Nigerian regime announced that it had uncovered a bombing plot aimed at destabilising the country's leadership and disrupting elections later this year.

Protesters called on Gen Abacha, who seized power after the aborted 1998 election, to step down. They also demanded that the lives be spared of six men sentenced to death on Tuesday for plotting to overthrow the government. All were from the south-west.

Ikeobasi Mokehu, information minister, did not identify who was planning the campaign, but he said the regime had learned it would involve a series of bomb blasts. "These explosive devices are imprecise weapons whose destructive power will fully extend beyond their intended targets, wrecking terrible havoc on innocent bystanders," he said.

The region has been at the heart of opposition to military rule since the annulment of 1993 presidential poll, which south-western millionaire Moshood Abiola looked certain to win. Chief Abiola has been detained since 1994.

Two bomb blasts earlier this month killed nine people in southern Nigeria, but it was unclear if they were part of the alleged plot.

Last weekend, legislative elections were boycotted by the opposition. Millions of Nigerians failed to vote in protest against alleged election fraud. Candidates in those polls were vetted by the regime.

Police said more than 5,000 people massed in the city centre and began marching along Ibadan's main streets, chanting anti-Abacha slogans and calling for the release of Chief Abiola.

Witnesses said the seven were killed when police opened fire on a crowd trying to set fire to a building belonging to an Abacha supporter. "At least five buildings have been burned by the mob," a local journalist

In an apparent concession to growing opposition, the regime says it has freed about 140 prisoners.

Former Rwandan leader admits genocide

Jean Kambanda, former Rwandan prime minister, pleaded guilty yesterday to six charges of genocide, his lawyer saying the bespectacled ex-banker would "take the rap" for his part in the 1994 slaughter of more than 800,000 people, Reuters reports.

Mr Kambanda was before the International Criminal Tribunal for Rwanda (ICTR), the court set up in northern Tanzania by the United Nations to try chief suspects of the Rwanda genocide.

He is the only one of 25

people in ICTR custody to plead guilty to genocide charges, which carry a maximum sentence of life imprisonment. He is also the first senior official from the former regime to admit publicly that the killings of 1994 were genocide. Other former officials have always disputed the extent of the killings and have said they happened as a consequence of war.

At a specially convened session of the court—held on the Labour Day public holiday—Mr Kambanda admitted genocide, conspiracy to commit genocide, direct and public incitement to commit genocide, complicity in genocide and two charges of crimes against humanity.

Oliver Michael Ingless, Mr Kambanda's lawyer, told a news conference after the court hearing that his client "indicated to me that... as prime minister he had to take the rap".

Earlier, asked by the tribunal president if he understood the charges or if any threats or promises had been made to him, Mr Kambanda replied: "Mr President, in deciding to plead guilty I did so consciously. No one forced me to do it."

Mr Kambanda said that he fully understood the consequences of the plea and that he realised it meant he would not be able to mount a defence.

Tribunal officials were swift to emphasise that the court had not struck a deal with Mr Kambanda, but the chief prosecutor, Bernard Munu, said the "plea agreement" would be made public after sentencing later this year.

Court officials said that they hoped Mr Kambanda's admission would encourage other suspects to plead guilty and that the former prime minister was likely to give evidence in other trials.

the euro will offer new mechanisms of financial and business relations

potential speculation building up around the euro

formidable euro currency would herald a more balanced international monetary system

the world as a whole for the euro to become a stable, easy to use currency

trade with the continent using the euro rather than the dollar

implications of the euro on Israel

The euro will be expected to eclipse the US dollar

economies for the impact of the euro

the euro will undoubtedly become important to Asian banking institutions

Just what sort of money the euro will be will depend

accounting and computer systems to accept the new euro

THE EURO IS NOT JUST ANOTHER CURRENCY

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NORTHERN IRELAND 'YES' VOTE CAMPAIGN LAUNCHED IN REPUBLIC

Irish PM asks IRA to accept war is over

By John Murray Brown in Dublin

Bertie Ahern, the Irish prime minister, yesterday called on the Irish Republican Army to "accept the war is over" as he launched his Fianna Fail party's campaign for a "clear and emphatic" Yes vote in next month's referendum ratifying the Northern Ireland agreement.

Mr Ahern's comments came ahead of a crisis meeting last night with a Sinn Féin delegation led by Gerry Adams and Martin McGuinness, amid signs of new strains between the Irish government and Sinn Féin, the IRA's political wing.

In what marks a considerable hardening of Irish attitudes to the IRA, Mr Ahern called for "a clear signal that with a settlement in place they are going to wind up their activities".

He compared the IRA with Germany's Red Army faction which was responsible for a number of "high-profile acts of terrorism" but had recently disbanded.

"Paramilitary organisations here would do a great

service to their country and would create a surge of confidence into the future if they too were to accept that with the implementation of this agreement the war is over."

Answering unionist fears that Sinn Féin should not be allowed to take their seats in the new Northern Ireland Assembly with no movement from the IRA, he said: "If the agreement is to work and all the parties are to participate, then weapons have to be out of use and out of commission for good."

Mr Ahern's comments came as a suspected republican terrorist was killed in a shoot-out with Irish security officials during an attempted robbery last night in County Wicklow. Irish police said the man was believed to be a dissident Irish republican.

Irish officials had initially played down the Thursday IRA statement ruling out the decommissioning of arms. But Mr Ahern conceded yesterday there were "provocative things" in it, reflecting government alarm that the IRA's stance may play into the hands of the Democratic Unionists who oppose the peace deal and have long

argued that the IRA has no intention of disarming.

Mr Ahern said that, while he did not want it to be the overriding issue, both governments would take "all necessary steps to facilitate the decommissioning process. I would like to state very firmly our view that the decommissioning of paramilitary weapons is an essential part of any settlement."

Separately, George Mitchell, the US senator who chaired the talks, said there was "a commitment from everyone to the absolute and total disarmament of all paramilitary organisations. There is a time-frame set out in the agreement. There is a recognition by all the participants it was an indispensable part of the negotiations and is an indispensable part of the agreement."

Launching Fianna Fail's referendum campaign, Mr Ahern said voters had a "clear civic duty" to vote Yes on May 22.

He added: "For the sake of peace and so that no one can mistake or misinterpret the views of the Irish people, I call for a clear and emphatic Yes vote."

Oxford's gleaming spires lose a little lustre

The first FT survey of top universities proved surprising, Simon Targett reports

Oxford or Cambridge? Someone once asked Lord St John of Fawley. "Both," he replied. It was an answer calculated to induce equal measures of wonder and envy at the thought of a person scaling the twin peaks of British academic life.

In the public imagination, these two medieval universities are forever entwined, as the ubiquitous term "Oxbridge", coined in the mid-19th century, suggests.

Insiders, of course, might beg to differ. Oxford is royalist, pro-establishment, with a proud record of producing British prime ministers. Cambridge is puritan, scientific, with a reputation for turning out Nobel prize winners.

These are, however, coffee-table subtleties which are lost on the British public.

But the age of the performance indicator promises a rude awakening, exposing both significant differences and the easy assumption that these ancient academies are the best in the land.

In the first Financial Times survey of Britain's top universities, published this week, Cambridge came top of the league table, followed not by Oxford, but by London University's Imperial College, which specialises in science, technology and medicine.



Queen's College, Oxford. The prospect of radical reform is not good, judging by the university's past record. Lydia van der Meer

North, a former Oxford vice-chancellor, pronounced that "there is room for real improvement" and felt compelled to make 98 recommendations – the same number that Sir Ron (now Lord) Dearing made for reforming the entire British higher education system.

Colin Lucas, the current vice-chancellor, has, in the

wake of this, launched a university-wide debate on Oxford's future. But the prospect of radical reform is not good, judging by Oxford's past record.

In the 1960s, Lord Franks, chairing Oxford's last commission of inquiry, proposed a series of radical reforms but, as the North commission noted, several key

changes "were not eventually adopted". The small "c" conservatives – isolated in their ivory tower – shot the report to pieces, and one or two of the eight-member North commission fear they could do so again.

But even if the North commission's manifesto of change wins support, it is not clear that Oxford will be able to catch Cambridge.

The commission ordered a review of several US universities, including Harvard. Yet, throughout the 250-page report, it is Cambridge, not the big US "ivy league" universities, which is held up as the model for reform.

The Cambridge degree, which allows easy transfer from one course to another, was seen as a big plus.

In the meantime, Cambridge is looking across the Atlantic. The tie up with Microsoft, which is building its European research headquarters in the old market town, is the most obvious example of this global vision: it mirrors Stanford's link with Hewlett-Packard in California's silicon valley.

The greenfield campus could leave Oxford trailing because, as Sir Ronald Oxburgh, the rector of new rival Imperial, and an advocate of reform on the North commission, puts it: "Oxford has not really changed since Franks."

BSE epidemic 'may be linked to cow tonsils'

By Maggie Urry

The bovine spongiform encephalopathy or "mad-cow" epidemic could have been caused by cattle eating infected cows' tonsils, a government vet suggested yesterday at the official inquiry into the BSE crisis.

Andrew Proud, a government veterinary officer in Gloucester, in south-west England, said a change in regulations about the removal of tonsils from cattle in 1981 meant a huge increase in the concentration of tonsils being passed into animal feeds.

The inquiry is attempting to establish the history of BSE, and of new variant CJD, the fatal human brain disorder thought to be linked to BSE. It is also studying the government's response.

Tonsils are classed as "specified risk materials" because they are believed to carry the infective agent for BSE. In 1981, slaughterhouses that were registered to export meat were required to remove tonsils from all

cattle. Previously they had removed them only from carcasses being exported.

Mr Proud said that before the new regulations, tonsils would be rendered along with the heads, and make up only 1 or 2 per cent of the total material. They would end up in animal feeds, but there would be "tiny concentrations of tonsil-derived material scattered through a much larger bulk".

After the regulations changed, 90 per cent of cattle heads had their tonsils removed. Typically this was at one point in the process and the tonsils were thrown together into bins, before being rendered "in more of a lump", Mr Proud said.

"The chance, after 1981, of having... a sufficient mass of material derived from tonsils would be much higher," he said.

Low levels of BSE might have occurred for years, but exploded into an epidemic only when the recycling of infected material through animal feed reached a sufficient concentration.

DOMESTIC SPENDING FIGURE RISES AS EXPORT DEMAND WEAKENS

Consumer borrowing hits record of \$2.3bn

By Robert Chios, Economics Editor

Strong growth in consumer borrowing suggests that domestic spending in the UK still has considerable momentum, even though weak export demand is pushing the manufacturing sector into recession.

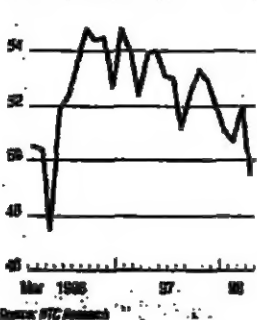
Consumers borrowed a record \$1.4bn (\$2.3bn) in March, the Bank of England, the UK central bank, said yesterday. This was bigger than City economists expected and more than reversed the slowdown seen in the preceding two months.

March's figures included sharp jumps in borrowing on credit cards and from specialist lenders such as hire purchase companies. The total of outstanding consumer debt rose to \$91.8bn.

Michael Dicks, at Lehman Brothers, argued that the late Easter may have affected the timing of some expensive purchases. But he added that sales figures from the John Lewis department store chain pointed to strong spending last month.

Purchasing managers' index

Seasonally adjusted



Source: IHS Economics

Indications of strong consumer spending may be seized upon by the "hawks" at next week's meeting of the Bank's monetary policy committee. But 25 out of 26 economists polled by Reuters expect the meeting to leave interest rates on hold.

The prospect of stable rates helped push sterling lower. "Doves" on the committee will point to the Bank's quarterly analysis of the broad money supply measure M4, which includes cash plus bank and building

society [mutually-owned home loans and savings institutions] deposits. This shows that personal sector holdings rose by 0.7 per cent in the first quarter, well down from the 2 per cent rise that worried some committee members in the fourth quarter.

There was also some reassurance from mortgage lending figures which showed net lending of \$1.8bn in March, the lowest figure since the end of 1996.

Yesterday also provided further evidence that Britain's manufacturers are in recession. The Chartered Institute of Purchasing and Supply monthly survey showed the first fall in activity in the factory sector for almost two years.

The survey paints a similar picture to the Confederation of British Industry's quarterly industrial trends survey which this week showed a sharp fall in business optimism. The institute's findings still suggest a stronger position than that shown by the official output data.

US group looks set to buy RAC service

By Charles Batchelor in London and John Andersen in New York

The RAC, Britain's oldest motoring organisation, appears set to come under American ownership after signing an agreement yesterday to hold exclusive talks about a sale of the breakdown service to Candant, the US direct marketing group, for \$450m (\$751.5m).

The move came within days of the conclusion by Candant of its all-cash, \$1.3bn acquisition of

National Car Parks, which includes the Green Flag breakdown service. The combined 9.5m membership of the RAC and Green Flag would create a powerful new rival for the Automobile Association, which has 9.4m members.

The sale to Candant, which is being recommended by the RAC board, would net each of the 12,000 members of the organisation's luxurious Pall Mall club and Surrey country club annexe between \$33,000 and \$35,000.

But the RAC's 5.8m associate members, who pay for motoring breakdown services and contribute the bulk of revenues and profits, will make no financial gain.

Yesterday there were signs that some associate members were considering a challenge to the deal.

Christopher Whitney, an associate member said he was investigating whether a sale was fully compliant with the RAC's articles of association.

If the deal goes ahead, it

will conclude a dramatic six weeks for the 101-year-old RAC.

This began when its chairman, Jeffrey Rose, since sacked, put forward an unauthorised proposal to end the organisation's mutual structure and split off its motoring arm.

The RAC's board responded with a proposal of its own to split motoring services from the Pall Mall club and country club. A poll of members backed an official plan to look at the options of

a sale or stock market flotation. The deal sent a powerful signal to US investors that Candant believed it could continue its aggressive acquisition strategy despite last month's dip of 46 per cent in its share price.

This followed the company's announcement that it would need to restate its profits for 1997 after the discovery of accounting irregularities within the former CUC International, which merged with HFS to form Candant last year.

Soft data needed for the hard-headed decisions

There are signs that business may bypass traditional accounts to make assessments of risk and value, Jim Kelly reports

There is an explosion of interest in the kind of information that you cannot find in annual accounts: environmental performance data, social and ethical reporting, the specific risks of trading in derivatives, the value of internally generated brands, or an assessment of strategic commercial risks.

Many accountants say it is better to have accounts that tell us something measurable and definite than to have them crammed with soft data. This is a dangerous argument. For a start, one of the most subjective statements in accounting is the nature of profit. Furthermore, the evolution of the business environment is making even less relevant what accounts are traditionally good at. The market is pushing for data that provide the basis for cross-

border assessments of risk and value. There are signs it will simply bypass traditional accounts and go elsewhere for the information it needs unless radical reforms are made.

Chris Swinson, the future president of the Institute of Chartered Accountants in England and Wales, recently warned that if efforts to forge international accounting standards fail to keep ahead of market demand then the gap will be bridged without accountants – or at least without statutory annual accounts.

A recent study of the financial reporting of risk by a team at the Institute of Chartered Accountants suggests that companies publish a "statement of business risk". It points out that there is much data on risk available outside the reporting system – for example, under

the London Stock Exchange's listing rules or the US Securities and Exchange Commission's rules for UK entrants to the New York financial markets.

"An investor is providing risk capital to the whole enterprise. All types of risk are therefore relevant to financial reporting," say the authors, led by Robert Hodgkinson of Arthur Andersen. The potential list of material risks is, of course, nearly endless: product failure, service failure, regulatory concerns, R&D investment, political opposition, health and safety, cultural clashes, poor recruitment, and so on.

The report has support from executives at companies such as Rio Tinto, Glaxo, Wellcome, Rolls-Royce, Barclays Bank and Energy Group. Its nerve fails only once: in allowing companies to avoid talking about risks "too commercially sensitive to disclose".

The Faculty and Institute of Actuaries has applauded the report's thrust but finds

this caveat difficult to live with. Chris Lewin, for the faculty, suggests that in those very rare instances where non-disclosure could be justified, investors should be alerted to the fact they do not know everything. If possible, the actuaries would prefer the extent of the risk to be disclosed, even if its precise nature has to be omitted.

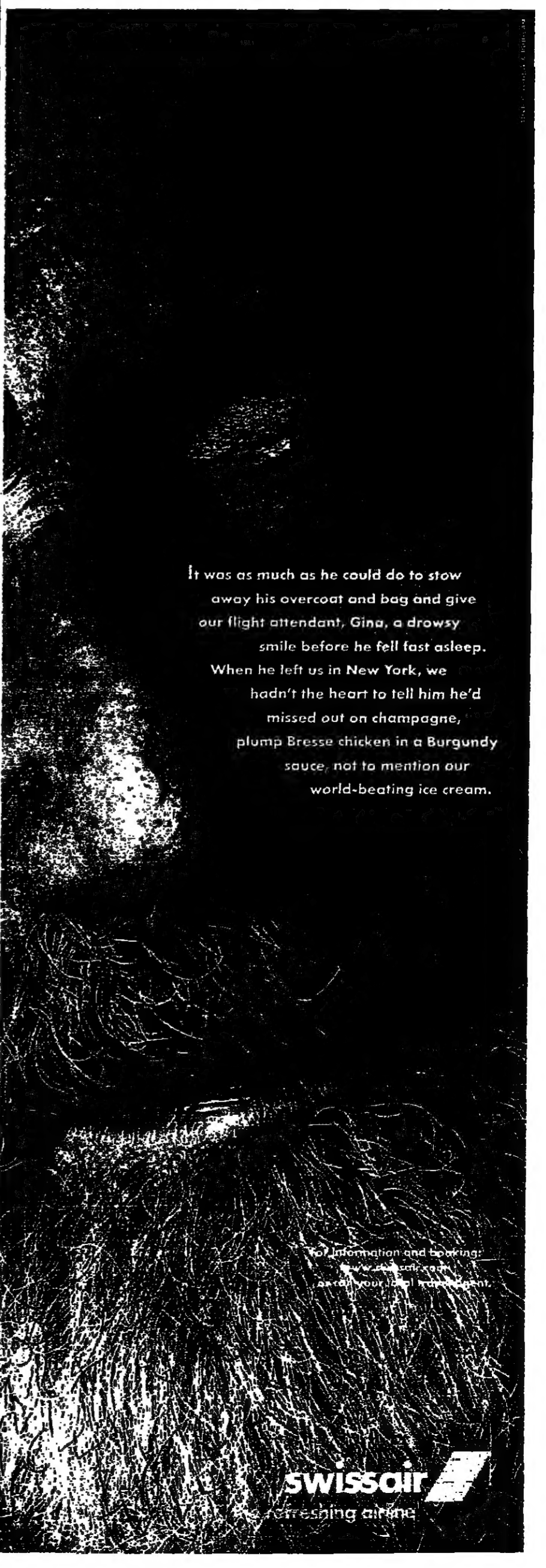
More serious criticism comes from one of the country's leading auditors, Gerry Acher of KPMG. His view is that it is the management's job to manage risk and that the accounts report on corporate governance issues that secure the quality of that management. Non-financial risk should be part of the narrative of the annual report and accounts – not separated out as individual measurable items alongside the hard figures.

Mr Hodgkinson and his team believe that fuller disclosure of risk will in fact

make capital cheaper as investors are able to take informed decisions on where to place their capital. "Research confirms the positive relationship between the extent of financial disclosures, market liquidity and cost of capital," says the report.

Mr Hodgkinson is also well prepared for criticism that the reforms will lead to "rocket-science" risk measurement that will be costly and meaningless. He points out that managements already use non-accounting measures to monitor risks, mainly because they make better early warning systems. A good example is monitoring regulatory risk in factory production by keeping a strict check on health and safety incidents.

Mr Hodgkinson asks the big question: if a risk can't be measured, how is the board managing it? "How could definitely be reported even if the extent of the risk is beyond the reach of the science."



It was as much as he could do to stow
away his overcoat and bag and give
our flight attendant, Gina, a drowsy
smile before he fell fast asleep.
When he left us in New York, we
hadn't the heart to tell him he'd
missed out on champagne,
plump Bresse chicken in a Burgundy
sauce, not to mention our
world-beating ice cream.

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COMMENT & ANALYSIS

FINANCIAL TIMES

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Saturday May 2 1998

New Labour,
new riches

It is easy, when looking back on the Labour governments of 1964-70 and 1974-79, to forget that these ill-starred administrations left shareholders richer when they finally took their leave. But that is chiefly because they were bludgeoned into a state of embarrasment-friendliness by the humiliating experiences of devaluation in 1967 and the IMF mandate from 1976.

This serves to underline the unusual nature of the Labour team that celebrated the completion of its first year of office this week. The FTSE index on New Labour's first birthday was a third higher than on the eve of Tony Blair's proclamation of a new dawn.

If there was no policy U-turn or market crisis in the interim, it was doubtless because Labour stuck to its pre-election promises to cap taxes and adopt Tory policies on public spending. Nor, with Gordon Brown at the exchequer, does it look remotely likely that this government will ever be obliged to outsource its fiscal policy to the IMF.

The chancellor's mantras about prudence and the need to avoid boom-and-bust cycles evoke stifling boredom among even his most supportive listeners. But rarely has a Labour chancellor bored in a more worthy cause. By granting independence to the Bank of England and setting fiscal policy on a visibly orthodox course, Mr Brown has acquired a credibility with markets that incoming Labour governments have never previously won.

This is a remarkable achievement and the benefit to taxpayers comes in many forms, including a reduction in government borrowing costs. The 10-year benchmark gilt yield declined over the period from 7.4 per cent to 5.8 per cent. But if this owes much to the chancellor's radical orthodoxy - an oxymoron in an excellent cause - it owes more to trends in global markets.

Gilt yields

Measured against the movement in yields on long dated index-linked gilts over the year, the real yield on 10-year fixed-interest gilts has fallen by more than three-quarters of a percentage point to just under 3 per cent. That reflects a global trend in which bond investors have reassessed the risk of inflation.

A rigorous critic would also argue that Mr Brown should have done better. The yield on comparable Italian bonds has now overtaken gilts on the way down, to stand at 5.3 per cent. The prospect of early entry into the single currency has per-

suaded investors to overlook the Italian public sector debt burden of more than 120 per cent of GDP, together with a record over the century that includes both explicit defaults on government debt and high inflation.

Yet Mr Brown could fairly argue that early adoption of the euro for the sake of an immediate reduction in gilt yields would be the worst kind of short-termism. That, after all, was the undoing of John Major and the Tories in the European exchange rate mechanism. Yet this technical feature of the global market place highlights the area of policy in which Labour continues to look most vulnerable. How can it promote British interests effectively in a Europe which, from this weekend, is inextricably committed to the single currency?

Different story

To return to more narrow investment concerns, the important point is that the chancellor has done nothing to hurt equities via his impact on real bond yields. But on corporate earnings the story is rather different. In other circumstances the adverse impact on pension funds of last July's changes on the dividend tax credit might have signalled an end to the UK bull market. So, too, with his other corporation tax changes, which will initially reduce industry's cash flow, or again the effect on manufacturing of overvalued sterling.

Yet this is a bull market driven by Wall Street and supported around the globe by US investors. Many are more interested in global benchmark indices than post-tax earnings and dividends in distant countries. As for the UK private investor, the introduction of a tapering capital gains tax will initially increase the tax burden for many. Yet the government has retreated from its original proposal for an individual savings account that would have penalised holders of personal equity plans. And in deference to manifesto pledges, the chancellor has protected top-rate taxpayers from the dividend tax credit changes by reducing the headline rate of tax on unearned income from 40 per cent to 35 per cent.

That tells us that New Labour's trumpeted Third Way leaves more room for the rich than either Old Labour or the New Testament.

If he continues in this vein, Tony Blair cannot help but achieve the lasting ascendancy of the centre-left that he so ardently desires. But this was year one. The testing times are yet to come.



Birth of the euro

Today, the 15 countries of the European Union meet in Brussels to launch the euro. It will bring, in the words of Helmut Kohl, Germany's chancellor, "the most profound change" to the peoples of Europe. All right, how, in detail?

Will Emu cut my shopping bill?

In theory, it will. Prices of most consumer goods vary widely within Europe. Cars are a classic case. Research by the European Commission showed that car-makers, bar Audi, charge over a fifth more in some EU countries than others. For 16 of the 72 best-selling models, the difference is 40 per cent or more.

The same is true for more modest products. A 1.5 litre bottle of Coca-Cola costs about twice as much in Germany as it does in Spain, according to the Bureau Européen des Unions de Consommateurs (Beuc), the European consumers' lobby group.

The switch to a single currency should help to erode such differentials, though some say prices could just as easily go up as down. Competition within the 11 countries joining Emu next January will increase in two ways. First, it will be easier for consumers to compare prices on a like-for-like basis. Second, dealers will be able to import goods from relatively cheap countries to more expensive ones without running the risk of a change in exchange rates wiping out their profits.

And when will this happen?

Euro notes and coins will not be introduced until after January 1 2002. But you will be able to pay in euros using plastic cards from January 1 1999. Most big European companies will start to quote euro prices for some of their products from then.

Meanwhile, there will be a psychological switch to make. "Consumers will be told of the benefits of the euro, but during the changeover they will experience only the problems: the benefits will come later," says Jim Murray, director of Beuc. "In a limited sense, they will feel like strangers in their own country."

When will there be euro bank accounts?

Banks in the 11 "in" countries are almost certain to offer euro accounts from January. The Bank of Ireland says it will quote dual balances in euro and Irish pounds from that date. Customers will be able to have euro accounts that can receive and make euro payments electronically. Existing accounts will also accept electronic euro payments.

What will happen to mortgages?

Mortgage rates will almost certainly fall, and competition for business increase. "There will be a greater choice of providers and there will be greater transpar-

Jean Eaglesham and Christopher Brown-Humes
explain how Emu will change everyday life



ency of pricing," says David Wells, manager of European Development at Abbey National.

But experts do not expect a surge in cross-market activity by mortgage providers; different countries have different housing markets, regulations and tax regimes. "It's extremely difficult to go into another market. The danger is that you can end up with the customers that nobody else wants," says Judith Hardt, secretary general of the European Mortgage Federation.

Will UK house prices boom?

This is what some economists predict, citing the example of Ireland. Dublin house prices have risen 30 per cent a year in the past two years, helped by lower interest rates in the run-up to the single currency, although demographics and a strong economy have helped. If the markets become convinced the UK will join, the same thing could happen.

For the UK, the effect of Emu on house prices could be a big

economic problem, though not because of the level of house prices. The problem arises from the effect of interest-rate changes. UK customers are used to variable-rate mortgages; on the Continent the tradition is for fixed-rate mortgages. This means that, once the UK was in Emu, UK home owners would see more violent swings in their housing costs than continental homeowners as the European Central bank moved interest rates up and down.

Will UK banks offer euro accounts and mortgages?

That will depend on demand. Executives working for the UK subsidiaries of European companies might be paid in euros. And there will be other specialist requirements. Andrew Rupp, an opera singer who spends much of his time singing in Continental European venues, says he would want a euro account immediately. "I come home with D-Marks, Belgian francs and French francs and I lose a lot in exchange costs. The sooner I can

receive my pay in euro, open an account in euro and spend in euro, the better."

Will I have to use euros before 2002 to buy and sell shares?

The answer, perhaps surprisingly, is yes. All the euroland stock exchanges have decided that shares will be traded and share deals settled in euros from January 1 1999 onwards.

"In practical terms, in smaller centres such as the Netherlands and Belgium, anyone who is an active investor will have a euro bank account," says the Federation of European Stock Exchanges. "In centres such as Germany, it seems inconceivable that all active investors will have a euro account on day one. So people will have to think euros in terms of the trade but D-Marks in terms of whether they have enough in their bank account to pay for it."

Private investors in European countries outside euroland, including the UK, will not be immune to change. Switzerland

and Sweden have sold shares in some companies quoted on their exchanges will be traded only in euros. In the UK, the London Stock Exchange intends to run a euro dealing system for the biggest 100 UK-listed companies in parallel with the existing sterling system.

How will savings accounts be affected?

To begin with, Emu will usher in a period of low interest rates. This might seem bad news for savers, but the lower rates should go hand in hand with low inflation, so the real value of savings will be eroded relatively slowly.

Emu should also herald increased competition for savings within euroland. Barring tax differences, once exchange rate risk has been eliminated there is no financial reason why a euro savings account in your own country is necessarily better than one based elsewhere.

Can I buy a pension anywhere in Europe?

Even for those using the euro, a genuine European single market in pensions - in which a single type of pension product can be bought by any European investor - is a long way off. "In my view, pensions will be one of the last things to be truly cross-border [because] social insurance and taxation will be two of the last areas [where countries] lose sovereignty within the EU," says Stewart Ritchie, director of pensions development at Scottish Equitable, the insurer.

What about investment funds?

The most immediate impact will be on currency cash funds, many of which are likely to switch to euro funds at the first opportunity. European bond funds will also feel the full weight of Emu. "One of the previous ways of adding value is through currency differentiations, which will not apply any more," says Michael Wrobel, deputy head of UK retail at Gartmore, a fund manager. "It will also be much more difficult to exploit differences in yield curves." A more wide-reaching change flows from the fact that you will be able to buy shares across euroland without worrying about exchange risk.

How will travel be affected?

Many people are already looking forward to cheaper foreign holidays, because they will not lose out when changing money or cashing in travellers cheques. They see this as the biggest immediate tangible benefit of Emu.

Will consumer behaviour change quickly?

Like decimatisation and metrification, the new system will take some getting used to. "Behaviour will not be radically different until people can actually see the euro notes and coins in their hands," says Colin Hunt, senior economist with the Bank of Ireland in Dublin. But the impact could speed up if businesses rapidly adopted the euro.

LETTERS TO THE EDITOR

IMF lands in Oxfordshire! (or so one might believe)

From J. R. Sargent.

Sir, in his review of the first year of Tony Blair's government ("Rip it up and start again", April 25-26), Philip Stephens writes that "in health, education and welfare, he is backing rhetoric with money", since "what matters is whether the UK government delivers on its promises to upgrade the state education and health services and to

reshape the provision of welfare". In Oxfordshire, the latest proposals to "upgrade" our health services involve closing down two out of the 11 community hospitals and reducing the number of beds across the county by between 15 and 20 per cent. This drastic action is said to be due to lack of government funding.

Faced with cuts of this magnitude, one might imagine that the

International Monetary Fund had landed, and that foreign creditors were about to occupy the City of London. Indeed, it has a strong whiff of the sort of economies which the last Labour government was forced into in 1976.

Have we not said good-bye to all that? The government would like us to think so. But if it really wants us to believe that it now has the economy under sound

management and is capable of delivering Mr Blair's promises, the restraints on public spending which now threaten our health services are distinctly "off message".

J. R. Sargent,
Trentham House,
Fulbrook,
Burford,
Oxfordshire OX16 4BL, UK

Library books
lost in the war

From Mr Fred Hunter.

Sir, Antony Thornicroft's praise for the new British Library ("A library for the next millennium", April 18-19) ignores some facts about its website catalogue of "10m entries".

Most users would expect a catalogue to be a "complete enumeration" of the contents of the library but this is not so in this case. For example, when consulting the BL catalogue for certain books and magazines of the 19th century you have to know, before looking, that many of these were destroyed in the second world war.

Yet the BL catalogue still lists them, even though they will not be found on its shelves. Hard luck on any web-surfer overseas who believes what he sees! He or she may well have a wasted journey coming to London.

Fred Hunter,
9 Upper Park Road,
Kingston upon Thames,
Surrey,
KT2 6LR, UK

Public confidence and the future of Lloyd's

From Mr John D. Burrows.

Sir, Alan Smallbone (Letters, April 25-26) referred to Lloyd's corporate Names underwriting with limited liability appropriating gratuitously the goodwill built up by natural Names underwriting with unlimited liability. Lloyd's assets have been swallowed up by reconstruction and renewal. For the public to continue to have confidence in the underlying strength of a Lloyd's policy they should understand that the whole of the wealth of the remaining 6,825 Names backs

a Lloyd's policy - not the limited means of corporate Names writing as members of companies with limited liability.

Lloyd's must decide if it is to remain a society of underwriters, each writing his own account, or as shareholders of a public liability insurance company. These Names and future members need inducement to compensate for risk to their whole wealth. They are not prepared to see the capacity that would otherwise be available to them swallowed up by corporate Names whose risk is

limited, thus forcing uneconomic trading on them. Their departure from the society will otherwise be inevitable. Limited and unlimited Names cannot co-exist and Lloyd's must maintain public confidence in the strength of a Lloyd's policy and retain the interest of their loyal, tried and tested supporters.

John D. Burrows,
Coppahall,
Church Lane,
Bury, Fulbrough,
West Sussex RH20 1PB, UK

Missing Syrians alive and kicking

From Dr Abnon Bregman.

Sir, I am flattered by Dana Bet-Eli's review of my book *The Fifty Years War: Israel and the Arabs* ("Slices of Israel's birthday cake", April 25-26). But I am surprised that she finds "the Syrian side is often missing from the historic events".

The Syrians, live and kicking, appear mainly in the last chapter of the book, where we hear from

the horses' mouths - the foreign minister and the chief negotiator - how close peace talks with Israel came to success, why they failed, and who is to be blamed.

It is renowned that sometimes reviewers do not get to the last chapter of a book...

Abnon Bregman,
24 Keswick Avenue,
London SW19 3JF, UK

On the house

From Mr Keith Flett.

Sir, I applaud the decision to have a traditional English pub with traditional beer in London's Millennium Dome.

May I suggest that the house beer should be Hexhamshire's Old Humber.

Keith Flett,
38 Mitchell Road,
Tottenham,
London N17 9HG, UK

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MAN IN THE NEWS HELMUT KOHL

Emu's broody hen

Peter Norman profiles the German chancellor whose dogged pursuit of European integration has led to the birth of the euro

It should be Helmut Kohl's day of triumph, a second peak in a political career that has already united Germany.

The German chancellor will be the only European Union leader to have held power continuously from the conception to birth of economic and monetary union. Without his dogged pursuit of European integration it is difficult – perhaps impossible – to imagine that today's gathering of EU leaders could have launched the single European currency. This is a project that Mr Kohl told Germany's parliament last month was "the most important decision for Germans and Europeans since the unification of Germany". A decision indeed that was "one of the most important of the entire century".

But, as is often the case in matters European, the party could be spoiled by a family spat: the bitter squabble between France and the rest, including Germany, over the presidency of the European central bank.

And in a strange way, that is fitting. For a combination of high ideals and raw power politics has been the story of Mr Kohl's involvement with Emu since it reappeared on the agenda more than 10 years ago.

Mr Kohl is not the father of the euro. That honour must go to the late François Mitterrand of France. He revived the idea in 1987 from the limbo into which it had

fallen after an earlier attempt failed in the 1970s. Documentary evidence and an account of the period by Gerhard Stoltenberg, the German finance minister in the 1980s, indicates that Mr Kohl was in no hurry to press ahead with Emu before the collapse of communism and the fall of the Berlin Wall.

According to Mr Stoltenberg, it was in December 1989, a month after the fall of the Berlin Wall, that Mr Kohl bowed to President Mitterrand's demands for speedier progress to Emu as the price for French backing of German unification.

In all this, Mitterrand's motives were hardly in Germany's best interests. He wanted a single currency as a way of controlling the Bundesbank's power over monetary policy in Europe after crisis devaluations of the French franc in 1986 and early 1987.

But since the launch of the project, at the June 1988 European summit in Hanover, Mr Kohl has pursued Emu with increasing conviction and determination.

Undeterred by a wary Bundesbank, unfettered by a cool or hostile German public reaction, and unconcerned by a sceptical Britain, Mr Kohl has coaxed and bullied successive European summits and countless European governments. And all this to bring to fruition a project that will mean the end of Germany's most potent post-war symbol – the D-Mark.

Why? Euro-idealism is

wigwagging near the French border left an indelible impression.

These youthful experiences turned him into a passionate supporter of Franco-German reconciliation and European integration. The creation of a euro area with an economic power that may come to rival the US owes much to the attitudes and ideals that fired Mr Kohl, as a young man, to demonstrate and tear down frontiers

His experiences during the war turned him into a passionate supporter of Franco-German reconciliation

undoubtedly part of the explanation. Now 88, Mr Kohl belongs to a dwindling band of European politicians to have known at first hand the horrors of the second world war. The death in

army service of his elder brother in 1944 and his own march, during his teens at the end of the war, from the Bavarian Alps to his destroyed home town of Lud-

wigshafen near the French border left an indelible impression.

These youthful experiences turned him into a passionate supporter of Franco-German reconciliation and European integration. The creation of a euro area with an economic power that may come to rival the US owes much to the attitudes and ideals that fired Mr Kohl, as a young man, to demonstrate and tear down frontiers

of the European Coal and Steel Community in 1951 and the European Economic Community in 1957.

But why Emu? Mr Kohl is no policy obsessive. His lack of interest in (and knowledge of) economics is manifest when he refers to statistics in a speech. His real interest has been political union in the EU – which he hoped originally would develop in parallel to Emu.

In the face of a Europe-wide public backlash, he has dropped that idea, or at least the rhetoric of it. The words "united states of Europe" no longer appear in his speeches. Instead, he has concentrated on incorporating Germanic views on economic stability into Emu.

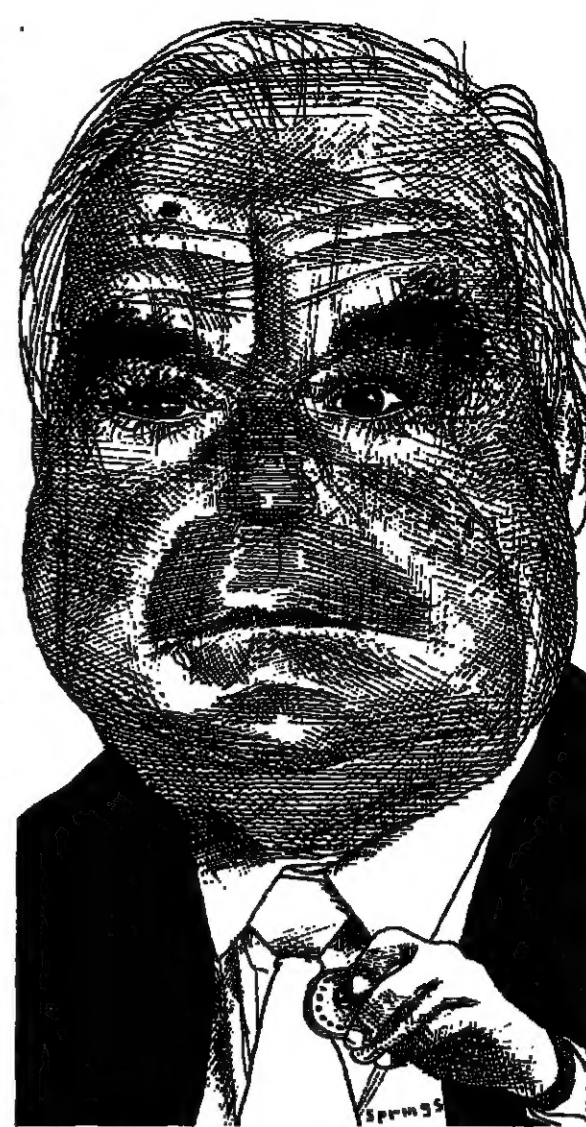
By dint of tough negotiation, Germany has been able to equip the project with Teutonic safeguards, such as a central bank with greater independence than the Bundesbank and a stability pact limiting budget deficits among member states. As other countries have come to see advantages in Emu, Europe has developed a sufficiently strong stability cul-

ture for the German Bundestag, the lower house of parliament, to accept Emu with 11 members last month by a massive majority.

After the struggles of Emu's 10-year gestation, Mr Kohl sounds lyrical about the euro and European union. It is a "stroke of good fortune", he said before last month's crucial vote. Without European integration, it would have been impossible to have eradicated war in western Europe during the past 50 years or unify Germany, he declares.

When the weekend is over, Mr Kohl will be back in Germany fighting for his political life. Although a dogged campaigner, who should never be written off, his chances of winning a fifth term of power in Germany's September general election look poor. Last weekend, at the state election in Saxony-Anhalt, support for Mr Kohl's party plunged from 34.4 per cent to just 22 per cent. In nationwide opinion polls, the opposition Social Democrats lead by about 15 percentage points.

Yet whatever the outcome of the national poll, Mr Kohl's contribution to European history will live on. The Emu, which will be hatched in Brussels today, is a progeny of compromise and improvisation. But if the other, younger EU leaders present show half Helmut Kohl's ingenuity and determination in support of the project, it will surely fly.



When old-fashioned kindness is not enough

Philanthropy in the US is finding it hard to cope with tasks off-loaded by government, says Christopher Parkes

Each of the foundations represented here gave half its annual income, we could banish poverty from New York for one year. We could give government a year off."

The older heads around the table nodded as the young speaker reminded them (unnecessarily) of their vast purchasing power and the eternal presence of the poor. Then the discussion, reported here on condition of anonymity, moved briskly on to issues confronting US philanthropy more subtle and urgent than the business of giving.

The US charity business is as big as the economy of China, and bigger than that of Spain. Many countries in Europe and beyond are looking to the US for ideas about how to boost charitable activity.

But, given their shortage of management skills and political guidance, US charities are struggling to cope with the responsibilities being off-loaded by the state in the name of "small government". They are also confronting internal conflicts between traditionalists and the new generation.

Last weekend, 100 or so trustees of charitable foundations, academics, business and community leaders, gathered at the trust-funded Getty Center in Los Angeles. Summoned by the American Assembly, a non-partisan think-tank founded by Dwight D. Eisenhower in 1950, they were striving to draft a "new covenant with the American people". As it turned out, their problems dominated the agenda.

The so-called "Third Sector" of US charitable organisations claims to deliver goods and services worth up to an estimated \$700bn (£420bn) a year. That is the equivalent of nearly 10 per cent of gross domestic product. In Germany, for comparison, the rate is about 3.5 per

cent of GDP, though there the government performs tasks done in the US by private charities.

On some measures, philanthropy has never had it so good. The number of charities in the US has risen almost 40 per cent since the start of the decade; grants from private foundations and companies have doubled in real terms in the past 20 years; requests have increased almost fourfold. And still, these quarters of all adult Americans give routinely to charity.

Yet all is far from rosy. Charities may be going forth and multiplying, but so are the problems bearing down upon them.

Participants at the conference worried about everything from changing demographics and tax and welfare reform, to the unequal distribution of wealth and the ascendancy of rightwing beliefs. These things, they suggested, had blurred the lines between government and philanthropy, merged non-profit and for-profit ventures in some areas (such as the hospital industry), disrupted tradition, and even flawed the American Dream.

In particular, they worried that those concerned with feeding, clothing and housing the poor were expanding faster than other more traditional areas, such as funding medical research. The fall-out from welfare cuts, together with the possibility of tax reforms reducing incentives to give, was cited as evidence that the country's politi-

cal leaders had only a "slender grasp of the concept of the civil society".

The connection between charities and the state of American society was a constant theme. Although half of all Americans chose to devote some of their time (as well as their money) to charitable work, volunteerism was in decline, the conference heard. This might be, one participant

The connection between charities and the state of American society was a constant theme

suggested, because of the falling fortunes of lower-income groups, members of which held down two jobs to make ends meet and therefore had less spare time to devote to charitable endeavours.

Some at the conference argued that the drop in volunteerism was bad for democracy. Active citizenship, manifested in civic responsibility and social engagement, "means a lot to a democracy", one participant said. In supporting charities, he argued, participants were bolstering civic involvement and the democratic process.

The trouble is that democracy is not a prime factor in the policies of some of the older, grander trusts. As one of the older school claimed: "The value of foundations in a democratic society is precisely that they are undemocratic."

Old-style philanthropists had played a pivotal role in the development of US society by giving specific instructions on how their legacies were to be used to foster education, art or build hospitals – whatever other donors or later generations wanted.

In contrast, a new generation of philanthropists believes that charities should involve the beneficiaries and donors alike more closely in decision-making. This "democratic" attitude of the younger generation is causing division between it and the old guard.

The younger participants are particularly associated with the fast-growing self-help community foundations that have been most affected by cuts in federal assistance to the poor. Democratisation, they say, is vital if the tradition of philanthropy is to be sustained – if not in its original form, then at least in terms of its contribution to society's well-being.

The implications of this debate are controversial, as the case of education highlights. Voluntary support accounts for almost 10 per cent of the nation's higher education revenues, the equivalent of about \$1,000 for every

student. But the unequal distribution of wealth is nowhere more apparent than in the nation's colleges and universities.

In the 1995-96 academic year, the 10 top fundraising universities, which enrolled fewer than 1.5 per cent of the nation's students, collected 15 per cent of the total given to education: the bounty for youngsters at one of them, California's private Stanford University, was worth \$30,000 a head.

Such disparities, which are one outcome of the expression of greater individual control over charitable activity, illustrate the width of the gap between the traditional view of philanthropy and that of newer foundations.

Last year a group of prominent citizens argued in a report, *Giving Better, Giving Smarter*, that "American charity is sorely in need of reform and renewal if it is going to lead the way to a new era of rebuilding broken neighbourhoods and aiding the people who live in them".

As last week's meeting suggested, this renewal is likely to require changes of direction, heart and management. It may also require greater responsiveness to the increasing outspokenness and sheer numbers of minorities, who are likely to demand an overhaul of what they call philanthropy's "Anglo traditions".

"Where are the leaders coming from for all this power being divested by government?" lamented one representative from a community organisation.

Daunted by today's burdens, participants at the conference were fearful for the future. "Our social glue has always been a strong middle class. Most people have always thought of themselves as middle-class stakeholders," said one participant. But with "so little money crossing the boundary from the rich to the poor", that social glue might be coming unstuck.

Politics of the lynch mob

Nicholas Timmins finds Britain ill at ease in a book about a child murderer

There is something deeply liberal and distinctly frightening about Britain at the moment. Over the past fortnight riots have broken out in Bristol and trouble in Yeovil after a 71-year-old paedophile – recently released from prison but whom the police still rate as dangerous – was chased round the country's police stations, first by anti-paedophile campaigners, then by mobs.

Prohibition hostels have begun to close their doors to paedophile ex-offenders, fearing similar attacks.

Since then media coverage has reached hysterical proportions over a book about Mary Bell. Thirty years ago, at the age of 11, she killed two young children, attempting to incise her initials on one with a pair of scissors.

The row about the book, by Gitta Sereny, a serious author on painful subjects whose work is being serialised in *The Times*, was fuelled by her decision to pay Mary Bell, who served 12 years for her crime, for her co-operation – though not, apparently, as much as the £50,000 first reported.

Ms Bell's 14-year-old daughter had known nothing of her mother's past until the storm broke. She, along with Ms Bell, is in the story protected from publicity by long-standing injunctions, and both are now in protective police custody.

Jack Straw, the home secretary, whose task is to uphold the law, argued that "Mary Bell has herself principally to blame for the fact that she is under these pressures". This comment was scarcely calculated to discourage the frenzy in which the press has indulged.

The editors of the *Daily Telegraph*, which first considered serialising the book, and *The Times* have been engaged in an argument about who holds the moral high ground in the dispute.

Tabloid papers, famous for their payments to people for stories and, according to some reports, still vying with cash for this one, have condemned the author for the payment she made, while *The Times* has argued that its payment to Gitta Sereny does not represent a payment to Mary Bell. Meanwhile, a handful of Labour MPs has called for the book to be banned.

This is a tale out of which no one comes well. Horror, hysteria, hypocrisy and the politics of the lynch mob have, in this area, become the hallmarks of allegedly cool Britannia. The values of atonement, rehabilitation, free speech and free inquiry seem scarcely to count, with the government looking yet again to tighten up a 1985 law aimed at preventing criminals profiting from selling their stories.

Almost everyone seems to have made errors in an area rich with murky judgments. Ms Sereny has defended the payment while refusing to disclose the amount, on the grounds that she felt she

would be using Mary Bell if she did not reward her for her collaboration. Yet she also says she warned that the child would find out her past as a result of the book, and urged Ms Bell to talk to a psychiatrist.

The chief innocent victim – Ms Bell's daughter – in this story is easy to identify, though there are others, not least the parents of the murdered children, as well as less innocent victims including Mary Bell herself. It took the official solicitor, the man charged with protecting the daughter's privacy, 48 hours after *The Sun* "found" Mary Bell to reach the courts yesterday and seek further restraining orders.

To many, Mary Bell is seen as inherently evil: they do not believe she may have changed, or may have had some diminished responsibility for her actions as a child. The same blanket condemnation applies to convicted paedophiles. But if the current mood does not evaporate,



Mary Bell, aged 11

those who remain dangerous will be driven underground, away from the supervision and therapy that could protect future victims.

A justification for the book is that it may, through understanding, provide protection for the future victims of child murderers. But free inquiry into such issues must be part of a free society, allowing the parallels with the murderers of Jamie Bulger, the Liverpool boy killed by youngsters Robert Thompson and Jon Venables, to be explored.

And the issue of payment is not simple. Do people want a law that prevents individuals, who have paid the price that society exacts for crime, explaining themselves to others? One that would allow the authors and publishers of such a book to profit, but not the subject? When the public has the choice of whether or not to buy a book, there is an authoritarianism that is deeply uncomfortable.

Julian Petley, a sociologist at Brunel University who has written about the Bulger case, sees recent events as "deeply depressing". Society still seems to need its scapegoats and demons, he says. He dreads to think what may happen when Thompson and Venables are finally released. It is scarcely a picture of a country at ease with itself.

Wall Street part II – the dull version

William Lewis on today's 'kinder, gentler' investment bankers

At last month's public announcement of the \$80bn takeover of Beneficial by Household International, one of the largest financial services deals in recent months, the companies' two chairmen stood smiling in front of a bank of cameras. They proclaimed the deal a triumph and thanked advisers such as Gary Parr of Morgan Stanley Dean Witter who had helped put the deal together.

Gary who? Morgan Stanley Dean Witter's co-head of mergers and acquisitions team is one of Wall Street's leading deal advisers. But he was not there on the stage to smile broadly, have his picture taken or to hear the compliment. And even if he had been, few people would have known who he was.

At a time of unprecedented prosperity for US takeover specialists, the men and women who advise corporations on mergers and acquisitions are largely unknown outside the financial world. They may still sport Armani suits, but the these bankers talk and act more like academics than their swashbuckling, publicity-conscious predecessors who dominated the M & A boom of the 1980s.

That period saw the rise to prominence, and in some cases notoriety, of a number of takeover specialists. On the back of several high-profile deals, Henry Kravis of buy-out firm Kohlberg, Kravis Roberts became known as King Henry. Bruce

Wasserstein of First Boston and then Wasserstein Perella was nicknamed Big Em up Bruce, and Michael Milken of Drexel Burnham Lambert became the Junk Bond King. These and others became household names in the US, for a time as well known on Main Street as Wall Street.

Take the following description of Jeffrey Beck, one of Wall Street's leading deal makers during the 1980s. In the book *Barbarians at the Gate* which chronicles the takeover of RJR Nabisco, the largest of that decade.

"On Wall Street they called Beck 'Mad Dog'. Although he sported a bow tie and horn-rim glasses, Beck more closely resembled a cross between a stand-up comedian and an assassin".

Contrast it with the following description by a competitor of Mr Parr and William Lewis (no relation), who together run M & A at Morgan Stanley Dean Witter.

"The most exotic thing about the two of them is that Gary has a beard and William has a moustache. These guys are serious about their business. If there ever were mad dogs at Morgan Stanley, they were taken out and shot several years ago".

As one competitor puts it: "While Mad Dog Beck spent his spare time serving as an adviser on the movie *Wall Street*, and even played a



Henry Kravis, also King Henry, with Michael Douglas, both one-time stars of Wall Street

cameo role, Mr Parr prefers vacations spent with his family driving down the coast of California."

Some people argue that this change of style reflects a change of dealmaking itself. In the words of one investment banker, "deal-making has become less of an art. This is now a serious business for serious minded people".

Whether or not this is true – and presumably the "unseasoned" deal-makers of the past might think it is not – it is undeniable that change in style is connected with the way deal-makers are seen by their

customers – big companies. In the past, deals tended to be occasional, high-profile – and frequently extremely acrimonious affairs. The best known deal makers then were corporate raiders such as Kirk Kirkorian and buy-out specialists such as Mr Kravis.

Now there is a change. Takeovers, mergers and divestitures have become the dominant theme of American corporate life. Over \$800bn worth of deals were announced last year in the US and \$504bn so far this year, according to Securities Data, the M & A information consultancy. This

compares with \$334bn worth of deals announced in the US in 1988, the height of the 1980s boom.

One result is that companies of all sizes view M & A as a more integral part of their corporate strategies, rather than something for the occasional, spectacular move.

This has changed the business of investment banking. M & A advice is now a bigger source of profits. The size and regularity of these dwarf those achieved by the takeover specialists of the 1980s.

And this in turn has changed the way the banks

go about that business. Nowhere is this better displayed than at Morgan Stanley Dean Witter. For each of the past three years it has advised on more deals around the world than any other investment bank. Last year the M & A team earned advisory fees of \$820m, representing approximately 35 per cent of Morgan Stanley's entire investment banking revenues of \$2.7bn.

Even Joe Perella, the deal maker who starred in *Barbarians at the Gate* as the partner of Mr Wasserstein and now runs Morgan Stanley's investment banking division, appears re-trained to the new ways of Wall Street. "Today it is a kinder, cordial Joe," says a colleague.

In the merger boom of the late 1990s, it is the clients who are the bigger, bolder and brasher than real life. During the course of a year-long battle for MCI, for instance, the bankers advising the US telecoms company and its three suitors – WorldCom, British Telecom, and GTE – all kept low profiles. Bernard Ebbers, WorldCom's chairman who is now referred to simply as Bernie, was the star of the battle. Tom King, who led Salomon Smith Barney's advice work for WorldCom, was content to remain anonymous.

In the film *Wall Street*, the star (if that is the word) was financier Gordon Gekko. If he remade the movie today, he would be a bit-part player. The star would have to be the swashbuckling corporate cen.

COMMODITIES & AGRICULTURE

Trichet finds favour with gold traders

WEEK IN THE MARKETS

By Kenneth Gooding, Mining Correspondent

Gold enthusiasts are hoping the dispute over who should be president of the European Central Bank will be settled this weekend in favour of Jean-Claude Trichet, at present governor of the Bank of France, rather than his opponent Wim Duisenberg, president of the European Monetary Institute.

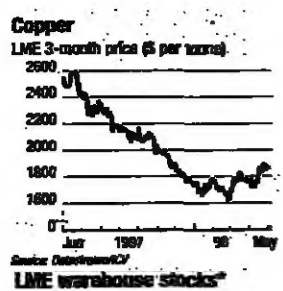
Traders said Mr Trichet would be likely to recommend a higher proportion of total European central bank reserves be held in gold and that this would be bullish for the market.

Estimates of the percentage of total European central bank reserves that will be in gold range from 5 to 30 per cent.

A decision about this is not expected to emerge from this weekend's European summit but will probably come early next month, dealers suggested.

Gold's price fell in late trading in Europe on Thursday after news that inflation in the US had all but disappeared, dropping from \$311 a troy ounce to \$306. It remained at about that level in Europe yesterday.

An announcement by Phelps Dodge, the big US copper producer, that it was to cut output at its Chino mine in New Mexico by about a third came too late



LME 3-month price (\$ per troy ounce)

LME warehouse stocks

LME 3-month price (\$ per troy ounce)

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BASE METALS

LONDON METAL EXCHANGE

Prices from Associated Metal Traders in London, only purity in % per tonne

Commodity	Unit	Price
Copper	3 months	14135-1415
Aluminium	3 months	1467-1475
Lead	3 months	1449-1452
Zinc	3 months	1454-1455
Nickel	3 months	1434-1434

Commodity	Unit	Price
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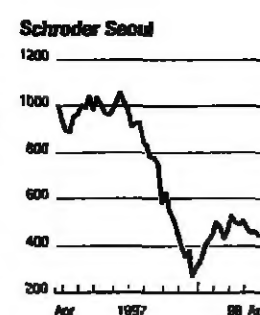
WINNERS AND LOSERS

TOP FIVE OVER 1 YEAR

Exeter Capital Growth	1,700
Baring German Growth	1,648
Royal London European Growth	1,597
CF Stoddley	1,557
Garmore PS American Emer Cos	1,522

BOTTOM FIVE OVER 1 YEAR

Schroder Seoul	447
HSBC Singapore & Malaysia Gth	458
Save & Prosper Gold & Exp	468
Save & Prosper Korea	469
Fidelity ASEAN	482

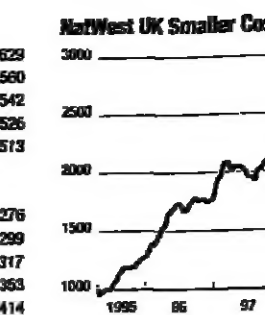


TOP FIVE OVER 3 YEARS

Midwest UK Smaller Cos	2,629
Invesco European Growth	2,560
GA North America Growth	2,542
Johnson Fry Soter Growth	2,526
Invesco European Small Cos	2,513

BOTTOM FIVE OVER 3 YEARS

Old Mutual Thailand Acc	276
Save & Prosper Korea	289
Schroder Seoul	317
Baring Korea	353
Schroder Japan Small Cos Acc	414

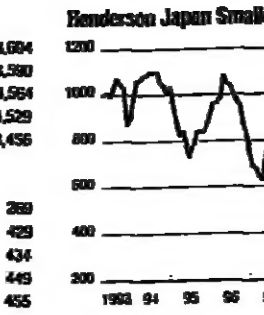


TOP FIVE OVER 5 YEARS

Invesco European Growth	3,694
GA North America Growth	3,580
Garmore European Smaller Cos	3,564
Old Mutual European	3,529
Midwest UK Smaller Cos	3,456

BOTTOM FIVE OVER 5 YEARS

Save & Prosper Korea	289
Midwest UK Smaller Cos	429
Schroder Japan Small Cos Acc	434
Baring Japan Sunbelt	449
Fidelity Japan Smaller Cos	455

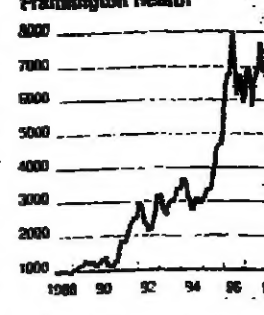


TOP FIVE OVER 10 YEARS

FSC US Small Companies	10,406
HSB Samuel US Smaller Cos	8,313
GA North America Growth	8,258
Franklington Health	7,480
Franklington Financial	7,278

BOTTOM FIVE OVER 10 YEARS

Baring Japan Inc	357
Baring Japan Sunbelt	468
M&G Japan Acc	474
Henderson Japan Smaller Cos	489
Henderson Japan	561



Source: Reuters (for 01/02/98 to 01/01/98)

Tables show the result of investing £1,000 over different time periods. Trusts are ranked on 3-year performance. Warning: past performance is not a guide to future performance.

Indices

Index	1 year	3	5	10	Volatility	%
Average Unit Trust	1126	1472	1774	2113	3.5	2.3
Average Investment Trust	1286	1614	2198	2734	5.0	4.3
Bank	1042	1118	1283	1785	0.0	5.1
Building Society	1036	1113	1282	1787	0.0	5.1
Stockmarket: FTSE All-Share	1320	1912	2377	4149	2.7	2.8
Index	1131	1372	1658	2463	1.0	-

UK Growth

Index	1 year	3	5	10	Volatility	%
Johnson Fry Soter Growth	1196	2526	2767	4920	2.8	0.7
Old Mutual Growth	1286	2352	2594	2831	2.9	0.3
Exeter Capital Growth	1700	2273	3248	-	4.4	-
Standard Life UK Eq Growth Acc	1287	2141	2472	4573	2.8	0.7
River & Mercantile 1st Growth	1208	2106	2628	-	2.9	0.4
SECTOR AVERAGE	1319	1739	2058	3087	2.8	1.4

UK Growth & Income

Index	1 year	3	5	10	Volatility	%
Fleming Select UK Income	1358	2018	2462	3457	2.7	2.5
Co-Partners Equity Dis	1376	1924	2282	-	3.2	3.0
HSBC Focused Fund	1388	1920	2173	-	3.1	1.5
Lawrence Kean Income & Growth	1279	1914	2119	-	2.6	2.9
Fidelity Moneybuilder Growth	1258	1898	-	-	2.7	2.0
SECTOR AVERAGE	1246	1718	2022	3188	2.7	2.1

UK Smaller Companies

Index	1 year	3	5	10	Volatility	%
Midwest UK Smaller Cos	1207	2629	-	-	3.5	1.0
Garmore UK Smaller Companies	1212	2327	2882	3187	3.3	1.1
Lawrence Kean Smaller Cos	1222	2261	-	-	3.1	1.2
Schroder Smaller Companies Inc	1188	2109	2446	3072	3.0	0.8
Smith & Williamson Small Cos	1194	2102	2459	3047	3.4	0.1
SECTOR AVERAGE	1116	1638	1938	2483	3.1	1.4

UK Equity Income

Index	1 year	3	5	10	Volatility	%
Jupiter Income	1223	2115	2971	5006	2.3	3.7
Lazard UK Income	1219	1896	2284	3996	2.6	3.7
Fidelity Income Plus	1307	1892	1954	2714	2.6	3.3
BWD UK Equity Income	1254	1891	2484	3447	2.5	3.3
Newton Higher Income	1335	1880	2118	3663	2.7	3.7
SECTOR AVERAGE	1238	1888	2007	3140	2.5	3.7

UK Equity & Bond Income

Index	1 year	3	5	10	Volatility	%
HSBC High Income	1258	1747	-	-	2.1	4.8
Aberdeen Profic Ex Income	1248	1718	2034	2981	2.5	3.0
C&S UK Income	1287	1675	1940	-	2.4	3.0
Edinburgh High Distribution	1248	1673	1937	2481	2.4	3.2
Midland Monthly Income	1254	1673	-	-	2.3	3.8
SECTOR AVERAGE	1190	1534	1786	2631	2.1	4.7

UK Eq & Bd

Index	1 year	3	5	10	Volatility	%
BWD Balanced Portfolio	1221	2005	2608	-	3.2	1.0
Perpetual High Income	1207	1803	2237	3001	2.8	3.4
Carville Income Dis	1254	1748	2018	2982	2.3	2.7
Credit Suisse Monthly Inc Plan	1242	1725	2190	-	2.5	3.2
NP UK Extra Income Inc	1234	1708	2091	-	2.3	2.0
SECTOR AVERAGE	1222	1861	2070	3336	2.4	2.7

UK Fixed Interest

Index	1 year	3	5	10	Volatility	%
Aberdeen Profic Fx Interest	1173	1622	1853	2640	1.4	7.6
QJ PPT Monthly Income Plus	1234	1542	1719	-	1.8	6.9
Edinburgh Convertible	1188	1510	1447	1837	2.3	4.8
QJ PPT Preference Inc	1233	1505	1623	2238	2.1	6.2
Edinburgh Preferred High Inc	1213	1488	1638	1979	1.5	6.1
SECTOR AVERAGE	1129	1376	1515	2091	1.5	6.1

UK Gilt

Index	1 year	3	5	10	Volatility	%
Baring Exempt Fixed Interest	1248	1482	-	-	2.0	8.1
M&G Gilt & Fixed Interest	1182	1401	1584	2132	1.8	5.4
Mercury Long-Dated Bond	1192	1383	-	-	2.2	4.3
Garmore PS Fixed Interest	1185	1353	1485	2125	1.7	6.1
Murray Gilt	1148	1349	1483	2385	1.5	6.0
SECTOR AVERAGE	1121	1263	1382	2056	1.4	5.4

International Equity Income

Index	1 year	3	5	10	Volatility	%
GT International Income Inc	1259	1678	1917	3831	2.7	1.9
Marlin Currie Intl Income	1175	1619	1888	-	2.7	3.7
Mayflower Global Income	1247	1536	1940	3019	2.4	2.2
M&G International Income	1187	1524	1781	3531	2.7	3.8
Premier Global 100	1114	1426	1658	1949	3.2	0.6
SECTOR AVERAGE	1171	1519	1784	2981	2.8	2.4

International Fixed Interest

Index	1 year	3	5	10	Volatility	%
Baring Global Bond	1050	1299	1414	-	1.5	5.1
AES Intl Bond & Convertible	1076	1245	1316	-	1.2	5.5
Newton International Bond	1082	1240	1296	-	2.0	4.7
City Financial Beckman Intl	1125	1229	1210	2034	2.8	5.8
Baring Global Intl Fx Inc	1022	1213	1285	-	1.8	5.1
SECTOR AVERAGE	1010	1079	1149	1823	1.7	5.0

International Equity & Bond

Index	1 year	3	5	10	Volatility	%
Flaming General Opportunities	1233	1672	1823	-	2.0	2.8
Bank of Ireland Ex Mgt Growth	1211	1639	1959	-	2.6	2.1
GA Income Portfolio	1178	1545	1794	-	3.0	2.4
Marlin Currie Inv Portl Acc	1197	1520	1777	-	2.3	1.8
Carville Portfolio (MUTM)	1182	1503	-	-	2.5	1.1
SECTOR AVERAGE	1148	1405	1623	2673	2.2	2.3

Intl Growth

Index	1 year	3	5	10	Volatility	%
Franklington Financial	1446	2326	2791	7276	3.4	0.9
Save & Prosper Financial Sacs	1301	2305	2854	5182	3.4	0.7
Franklington Health	1261	2096	2690	7490	7.1	-
Midwest UK Smaller Cos	1200	2020	2448	4519	3.8	1.1
Edinburgh Financial	1314	1984	2288	3478	3.9	1.1
SECTOR AVERAGE	1151	1461	1761	3177	3.8	0.9

Nth America

Index	1 year	3	5	10	Volatility	%
GA North America Growth	1409	2542	2690	3058	4.4	-
Dresdner RCM America Sm Cos	1422	2343	2542	4340	4.8	-
Henderson American Smaller Cos	1456	2281	2685	5708	5.2	-
Royal & Sunall Intl America	1410	2236	2444	6486	4.0	0.3
Credit Suisse Transatlantic Ac	1380	2202	-	-	4.1	-
SECTOR AVERAGE	1310	1972	2238	4839	4.4	0.5

Europe

Index	1 year	3	5	10	Volatility	%
INVESTCO European Growth	1515	2560	3694	6397	4.7	-
INVESTCO European Small Cos	1468	2513	3404	6444	4.3	-
Thames Valley Euro Sm Cos	1413	2485	3426	5339	4.6	0.1
Jupiter European	1288	2398	3629	6689	3.6	0.4
Baring Europe Select	1280	2374	3433	4787	3.8	0.5
SECTOR AVERAGE	1344	1876	2514	4766	3.8	0.5

Japan

Index	1 year	3	5	10	Volatility	%
GT Japan Growth	871	957	1023	1180	3.4	0.0
Murray Japan Growth	925	840	838	-	5.0	-
Bullfinch Japanese	913	835	813	1055	5.5	-
Marlin Currie Japan	859	835	897	-	5.5	-
Newton Japan	873	807	832	961	5.5	-
SECTOR AVERAGE	775	614	632	767	5.8	0.2

Far East inc Japan

Index	1 year	3	5	10	Volatility	%
AIS Greater China	735	1082	1316	2641	8.2	-
Schroder Far East Growth Inc	780	875	1183	-	5.8	0.2
Dresdner RCM Oriental Inc	744	885	1024	1810	5.3	3.4
Save & Prosper Far East Sm Cos	811	863	-	-	5.1	0.3
Royal & Sunall Far East	753	839	988	1121	5.7	1.2
SECTOR AVERAGE	706	749	887	1383	5.6	0.7

Far East exc Japan

Index	1 year	3	5	10	Volatility	%
HSBC Hong Kong Growth	740	1538	1852	5648	9.8	0.8
INVESTCO Hong Kong & China	748	1341	1404	5221	9.0	0.9
Friends From Australia	810	1284	1629	3648	4.4	-
Marlin Currie Far East Enterprise	811	1141	-	-	8.5	1.1
Old Mutual Hong Kong	855	1084	1215	4354	9.0	1.8
SECTOR AVERAGE	632	738	899	2890	7.9	1.2

INVESTMENT TRUSTS

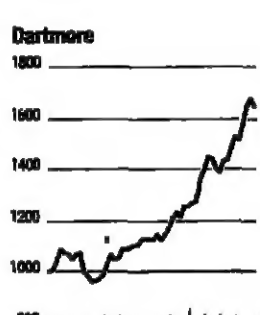
WINNERS AND LOSERS

TOP FIVE OVER 1 YEAR

Aberdeen Preferred Income	2,409
Foreign & Col Enterprise	1,869
Aberdeen High Income	1,715
Dartmoor	1,651
Garmore Irish Smaller Cos	1,647

BOTTOM FIVE OVER 1 YEAR

Edinburgh Java	286
Govett Asian Smaller Cos	380
East German	400
Aberdeen Emerging Asia	412
Korea Liberalisation Fund	425



TOP FIVE OVER 3 YEARS

Foreign & Col Enterprise	3,841
Jupiter Primadone	3,119
TR European Growth	2,733
Baring Emerging Europe	2,606
Henderson EuroTrust (Intl)	2,421

BOTTOM FIVE OVER 3 YEARS

Authorized Investment Funds

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (1-44 177) 893 4326 for more details.

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Guide to pricing of Authorised Investment Funds

Compiled with the assistance of AUTE-SS

Share Classes: Separate classes of shares are created by a letter or number after the name of the

<p>And, Unrelated items changes are issued to reflect a different currency, changing structure or type of holder.</p> <p>Initial pricing: Charges made by a unit trust distributor to the buyer. Used to deliver marketing and administrative costs, including incorporation paid to intermediaries. For unit trusts the charge is included in the buying price of units. For</p>	<p>Pricing</p> <p>Historic pricing: The letter it denotes that the macroeconomic policy will remain on the price set at the next issue solution. The price charges are the latest available before publication are may not be the current dealing levels because of an intervening price's evaluation or a switch to a forward price</p>
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Buyer's price: Also called offer price. The price of a security listed in a unit trust net bought by investors. Includes manager's initial charge.

Selling price: Also called net price. The price at which units in a unit trust are sold by investors.

NAV: Current price. Based on a unit's current value.

Forward pricing: The table F denotes that the net asset value of the price to be set at the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in this newspaper are the most

<p>calculation of the underlying tax liabilities. The buying and selling price for shares of an OEC are the most. Manager's periodic charges are shown</p> <p>Treatment of manager's periodic charge:</p> <p>The seller chooses the best choice all or part of the manager's periodic charge. The seller can choose the amount of the charge. The seller can choose the amount of the charge. The seller can choose the amount of the charge.</p>	<p>recent provided by the manager's periodic charge.</p> <p>Schedule particulars, key features and reports: The most recent report, schedule particulars and key features document may be obtained from the manager's periodic charge.</p> <p>Other employment rules are contained in the last column of the FT Manager's Periodic Charge.</p>
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55 Association of Unit Truists and Investment Funds,
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Tel: 0171-433-0000.

Offshore Funds and Insurances

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COMPANIES & FINANCE: THE CHANGING FORTUNES OF BRITISH BIOTECH

The confidence of investors in British Biotech has slumped. The cause is a gangling, sports-mad doctor, Andrew Millar. Until his dismissal on April 20, Dr Millar had what one fund manager described as "the most important job in the company": he managed clinical trials of new drugs which could one day make it a fortune.

Afterwards he became a man with a mission. It was to unseat Keith McCullagh, the chief executive who fired him, and force big changes in company strategy.

His weapons are a fat wad of company documents and a detailed knowledge of the products and personalities behind the UK's first listed biotechnology company.

The information he has made public through the business press has raised profound concerns in the City about the conduct of directors and the strategy they have formulated. These have been deepened by the failure so far of the company to make a detailed response.

The disclosures by Dr Millar pose the following questions about some of the directors of British Biotech:

- Did they wrongly withhold bad news on drug trials to keep the share price high?
- Did they deal in shares on the basis of that knowledge?
- Did they approve press releases that were unduly optimistic about the prospects for the company and its drugs?
- Are their plans for British Biotech to set up its own salesforce wildly extravagant, given the mixed prospects of drugs under development?

The stock exchange is investigating directors' share dealings. The Securities and Exchange Commission, the US market watchdog, is looking into whether press releases on the blockbuster drug marimastat were over-optimistic, and, according to British Biotech, civil proceedings may ensue.

The capitalisation of the company set up by Mr McCullagh in 1985, has shrunk from a peak of £1.9bn in 1996 to £430m yesterday. The decline has reflected ebbing faith in the whole biotech sector.

One leading shareholder is taking soundings on whether investors are prepared to demand an extraordinary general meeting to oust Mr McCullagh. A showdown is imminent. The articles below by JONATHAN GUTHRIE set the scene.

Fateful phone call that unbottled Dr Millar's tale

A phone call in early February to Andrew Millar, head of clinical trials at British Biotech, was the start of an extraordinary series of events.

It came from Jane Henderson, a pharmaceutical analyst in the London office of Goldman Sachs, the blue-chip US investment house. She was pleased to have been invited by British Biotech to analyse its attractions as an investment for her clients. Despite some setbacks, the business was still seen as the premier UK biotechnology company, harnessing ever-growing knowledge of the links between genetics and disease to develop innovative drugs.

Ms Henderson had therefore been disturbed by Dr Millar's refusal to agree to meet her during a visit to the company she was planning. It would be hard for her to understand the business without talking to the man who supervised the drug trials vital to its success.

On the phone Dr Millar was tense and evasive. But Ms Henderson was skilled at pumping information out of reluctant executives. Dr Millar finally admitted he was "at loggerheads" with board directors. He had been refusing to meet analysts and shareholders since June, fearing he would betray doubts about his superiors and their strategy which would compromise his position.

Ms Henderson's alarm grew when she met Dr Millar in secret on February 12 at a pub near Oxford, where British Biotech is based.

Thwarted ambition

He was a worried and unhappy man. His ambition to become a board director had been thwarted by Keith McCullagh, the chief executive, with whom he had found himself increasingly at odds. A series of rows, in which he had more than once been threatened with the sack, had created what he later described as a "poisonous atmosphere".

Rubbing salt in Dr Millar's wounds, Mr McCullagh had just appointed Peder Jensen, a Swedish scientist, as his boss in the new board post of development director.

Moreover, Dr Millar had deep reservations about the commercial strategy of the company. Annual losses had risen steadily, from £11m a year when he joined in 1992 to £28m in 1997. Brokers forecast they would peak at £37m in 2000.

Some of the costs came from the huge clinical trials, involving thousands of patients, run by Dr Millar. But, unusually for a biotech company, British Biotech was also spending heavily on setting up a big sales force. For Mr McCullagh was not content for the company simply to invent and develop new drugs, delegating distribution to a big pharmaceutical company in return for a juicy slice of revenues. Instead, he dreamed of British Biotech becoming a new Glaxo Wellcome, handling all aspects of drug development and sales to maximise returns to shareholders.

Dr Millar told Ms Henderson that he did not believe the prospects of two key drugs - marimastat for cancer and Zalcitabine for acute pancreatitis - were good enough to justify the spending.

But he was careful to conceal that his knowledge of trial results ran deeper than Ms Henderson could have suspected. In November of 1996 he had "unbottled" an important test of Zalcitabine, Trial 215. This meant he established which group of severely ill patients were taking the drug, and which a placebo.

He followed the results through until April 1997, sharing the information with his immediate boss. This was Peter Lewis, director of research and development at the time, described by another former colleague as "a cautious, pessimistic type".

Zalcitabine was forecast to achieve sales of £205m a year. But Dr Millar saw few grounds for optimism that the drug worked well enough to win regulatory approval. A sneak preview of results of trials of marimastat, which analysts think could generate sales of up to £375m a year, were more encouraging.

Dr Millar's actions in unblinding the trial, revealed in the Financial Times last week, have been fiercely criticised by some analysts. They say it is ethically questionable for a trials head to "peek" at the results of ongoing trials. The risk is that he will be tempted to change the way the trial is conducted to produce a positive outcome, at the same time invalidating the results. Even if he holds back, regulators may still rule the trial invalid.

Dr Millar justified his actions on two grounds. First, he had concerns, later shown to be unfounded, that Zalcitabine could harm, rather than help, patients. Second, day-to-day management of the work fell to three subordinates. Because Dr Millar kept his knowledge from them, the trial was protected from bias, he believed.

Ms Henderson suggested a radical solution to the worries of Dr Millar, whose ignorance of corporate governance was almost as great as his knowledge of pharmacology. She told him he needed to enlist the help of British Biotech's shareholders. They had the right to call an extraordinary general meeting to force a change in strategy.

She even came up with the name of a possible ally. It was Perpetual, a big unit trust manager with a 5.5 per cent stake in British Biotech.

The following day Dr Millar was called by two executives of Perpetual. They were both star fund managers at a company which gives employees free rein to follow their hunches: Margaret



Millar

Andrew Millar, 43, exiled head of clinical trials, British Biotech. Dr Millar joined British Biotech in 1992 after a five-year stint in Japan as an executive with Marion Merrell Dow, the US drugs company.

Though hard-working and popular with subordinates, his relationship with board directors deteriorated year by year. Former colleagues do not doubt his integrity. However, they question whether he has fully considered the potential impact of his actions on employees of the company. Dr Millar says the board, not the company, is his target. But he admits he can justifiably be accused of emasculation. A former colleague said: "He is a real can-do person who plays squash as well as he speaks Japanese..." It is really rather irritating.

Roddan, head of European investments, and Neil Woodford, a specialist in income funds who takes a strong interest in biotechnology companies.

They met Dr Millar at the Five Horseshoes pub in Maidensgrove on February 18. The story Dr Millar began to tell them about British Biotech at that meeting has raised deep concerns among analysts and investors about the actions of board directors.

Dr Millar's tale began on October 13 1994. That was the day he sent an alarming memo to the board about a patient taking batimastat, another anti-cancer drug, as part of a US Phase II trial. The drug appeared to have caused a serious bowel obstruction. The evidence was not compelling enough to postpone Phase III trials, which began in November.

By December, more worrying complications had been recorded. Some patients showed symptoms of peritonitis. As a result, recruitment of patients was halted over the Christmas period. By January 10, the study was "on a knife edge", according to Dr Millar.

On January 17 1995, three board members sold shares in the company at a price of 325p. Brian Richards, then chairman, realised about £691,000. Mr McCullagh £586,000, and John Gordon, another director, £157,500. Four other directors made a series of much smaller purchases. (The share price in the chart has been adjusted for capital changes.)

Then, on January 23, a doctor rang Dr Millar to warn him of a further case of peritonitis in a patient taking batimastat. Dr Millar told Dr Lewis. Over the next two days, Dr Millar contacted doctors participating in the trial and asked them to stop recruiting patients.

He said that a series of "extremely tense" meetings followed, during which Dr Lewis and Mr McCullagh tried to persuade him to restart recruitment. He was threatened with the sack, he said, but at length the two directors gave in. On February 17 1995, the company issued a press release announcing the trial had been stopped for safety reasons.

The stock exchange subsequently investigated the share



McCullagh

Keith McCullagh, 54, chief executive, British Biotech. In the early days Mr McCullagh, a vet by training, was a hands-on manager who spent much of his time talking to employees. As the company grew, and with it the tensions between directors, he is said to have become more distant. His political nous helped him negotiate stock exchange rule changes to gain a full listing for his loss-making company in 1992, when it became the first biotech company to be admitted. Now an industry figurehead, he chairs a Treasury-sponsored working group examining reforms to spur investment in high-tech businesses. He is hard-working and single-minded, but former colleagues say his decision making sometimes lacks consistency.



Woodford

Neil Woodford, 35, senior fund manager, Perpetual. Woodford is a star manager at a company that encourages individual flair in its employees as strongly as it encourages restraint. The funds he runs include the £2.1bn High Income unit trust, which has produced dazzling returns. He believes in greater public disclosure by companies, and has been infuriated by the reluctance of British Biotech over the past two weeks. Woodford has played an important role in persuading Bob Verbury, Perpetual's chief investment officer, of the merits of the arguments of Dr Millar, with whom he has struck up a strong rapport. Easy-going but immensely energetic, he cycled 800 miles for charity one week last year.

Dr Millar's worries were confirmed in September 1996, when independent medical analysts said Trial 214 lacked "statistical significance". This spurred him into unblinding the trial in

November. Then on May 5 last year, the Danish Medicines Agency sent a preliminary assessment of Zalcitabine trials to British Biotech. The agency, working on behalf of the European Medicines Evaluation Agency, the main EU drugs regulator, made five serious challenges to the trial's validity.

It is unclear when the company received a letter from the EMEA itself confirming the findings. The date is important, because on May 12 1997 the company issued a press release announcing "statistically significant" Phase III data on Zalcitabine. A second release announced a series of appointments "to support transition to an international operating business." Press coverage was favourable and the share price surged.

Dr Millar is adamant the letter arrived by May 8, and was kept from him. The company will not comment. One thing is certain: it was not until February of this year that British Biotech announced European approval for the drug had been delayed, pending the results of a big US trial. This pushed the shares down 10 per cent in one day.

SEC investigation

But what really made Ms Roddan and Mr Woodford sit up and take notice was news of a US Securities and Exchange Commission investigation into British Biotech. Dr Millar told them the securities watchdog suspected press releases on marimastat, issued in 1995 and 1996, had made over-optimistic claims on its apparent effectiveness.

The Perpetual executives were already smarting from their losses on British Biotech shares which had fallen from a peak of 326p in May 1996 to 94p on February 18 - the day of their meeting - and were alarmed by the company's spending plans. Dr Millar's disclosures were the final straw. They offered tentative support to the idea of calling an extraordinary general meeting to shake up management, cut spending and review whether Zalcitabine trials should be stopped.

A series of meetings followed at which Dr Millar pressed his case. These involved Perpetual, Mercury Asset Management - with 11.6 per cent of British Biotech - and Dresdner Kleinwort Benson, the company's broker.

Mr McCullagh was furious when he found out Dr Millar was suspended on March 11. The company fired him without compensation at a stormy disciplinary hearing on April 20, for "revealing confidential information to third parties".

In announcing the sacking, British Biotech cited a confidential report prepared by Cameron McKenna, the law firm. The document proved, the company said, that directors' share dealings had complied with Stock Exchange rules, and that there was no case for it to answer to the SEC.

By firing Dr Millar, British Biotech released him into the welcoming embrace of the business press. Since April 20, he has bombarded the company through the



Kirby

Pam Kirby, 43, commercial director, British Biotech. Successfully launching the anti-ulcer drug Losec for Astra, the big Swedish drugs company, helped win Kirby her current post in 1996. Her role is to build up a salesforce and help turn British Biotech from a drug development business into a fully-fledged international pharmaceutical business. This brought her into immediate conflict with Dr Millar, who opposed the plans. Tipped as a possible replacement for Mr McCullagh by some analysts, she has wrongly been branded his sidekick. In reality Ms Kirby has strong views of her own and has not been afraid to challenge the older executive in front of colleagues.

The likelihood the drug will make it to market jumps at each stage. As a rule of thumb, the chances are 10 per cent at Phase I, 10-50 per cent at Phase II and above 50 per cent at Phase III.

Only when all the trials are successfully completed can the company apply for approval from regulators to sell the drug. Deciding whether approval will eventually be granted is a matter of guesswork and sentiment. Share prices are correspondingly volatile.

During drug development, biotech companies eat cash. The yearly spend is known as the burn rate. British Biotech is expected to have spent £45m on research and development alone in the year to April 1998.

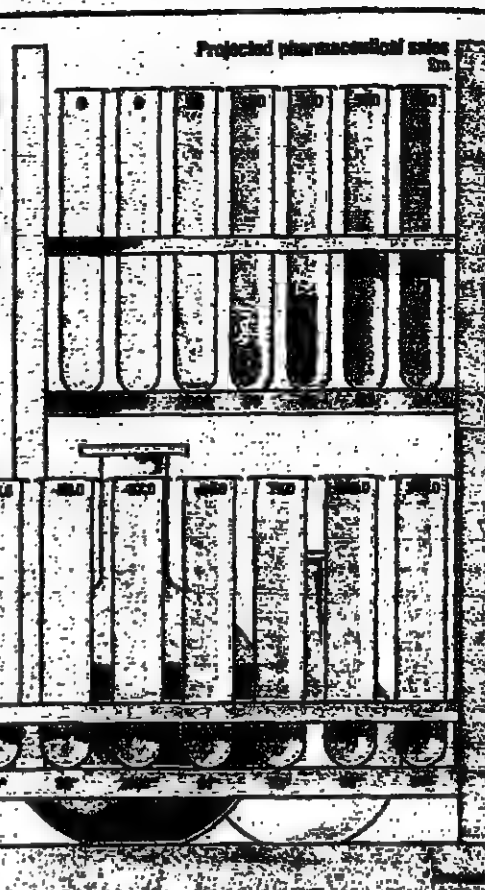
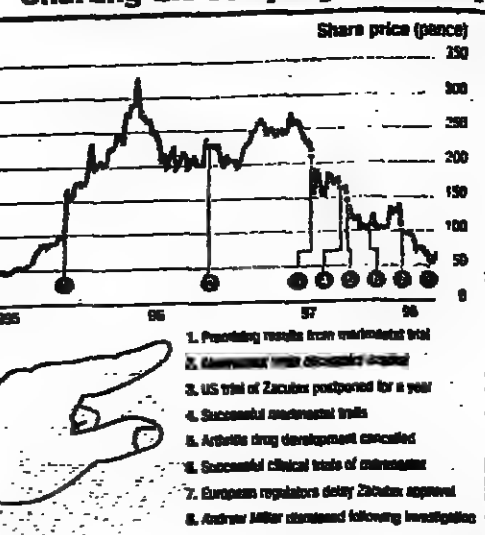
Biotech companies try to main-

tain a reserve of cash - typically more than a year's supply - to ensure R&D furnaces are well stocked. British Biotech is forecast to have £20m at the end of the current financial year.

The companies obtain the money from optimistic shareholders, mainly through rights issues and share placements. They can also extract cash from big pharmaceutical companies, in return for the right to market new drugs. Typically, the biotech company gets a licensing fee when the deal is struck, then a series of milestone payments, triggered as the drug moves from trial to trial then into registration.

It will also receive royalties when the drug goes on sale: 40 per cent of the sale price is about the top whack.

Charting the company's volatility



Welcome to the world of newsflow and burn rates

The 30 or so listed UK biotechnology companies employ hordes of highly-paid scientists and spend hundreds of millions of pounds a year. But not one has made a profit. According to their critics, their only real products have been press releases.

These scraps of paper describe progress - less often, lack of it - in getting new drugs to market. There is even a special term - *newsflow* - to define productivity. A biotech company with positive *newsflow* has generated a blizzard of upbeat releases. This should push up the share price, comforting shareholders during the wait for dividend payments to begin.

The trail to profitability is long and gruelling. British Biotech was set up in 1985 and is unlikely to make a profit before 2002.

sales, and absolved the directors of any wrongdoing. Dr Millar says neither he nor any other member of the clinical department was interviewed.

The next part of the puzzle which Ms Roddan and Mr Woodford began to piece together over drinks at the Five Horseshoes concerned Zalcitabine. Dr Millar first became concerned about what he saw as the board's over-optimism in June of 1994. Directors insisted the important Trial 214 on the drug be "upgraded" from Phase II to Phase III status, implying a higher chance of regulatory approval.

Dr Millar's worries were confirmed in September 1996, when independent medical analysts said Trial 214 lacked "statistical significance". This spurred him into unblinding the trial in

November. Then on May 5 last year, the Danish Medicines Agency sent a preliminary assessment of Zalcitabine trials to British Biotech. The agency, working on behalf of the European Medicines Evaluation Agency, the main EU drugs regulator, made five serious challenges to the trial's validity.

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By firing Dr Millar, British Biotech released him into the welcoming embrace of the business press. Since April 20, he has bombarded the company through the

media. He has revealed all the information he first shared with Ms Roddan and Mr Woodford. The board has yet to give any convincing response. Instead, it has restricted itself to personal attacks on Dr Millar, and to issuing a holding statement promising a full report to shareholders, expected within a month.

It has also threatened to take legal action against Dr Millar to prevent him disclosing information gained as an employee. He has batted this threat aside. He says jail - a possible consequence of breaking any injunction placed upon him - is a small price to pay for freedom to speak out. However, an injunction taken out by British Biotech has stopped newspapers from publishing details of the Cameron McKenna report, copies of which are circulating widely.

Dr Millar's disclosures have prompted new developments which have further damaged the position of British Biotech. First, the stock exchange has reopened its investigation into share sales by directors ahead of the suspension of the batimastat project. Second, it has been reported that the EMEA will publish further detailed objections to Zalcitabine trials on Monday. Analysts speculate this could prompt their abandonment.

Third, the company has confirmed that the SEC could bring civil proceedings against directors in the US for making exaggerated claims in press releases on marimastat.

Worst of all for incumbent directors, an extraordinary general meeting, the main goal of Dr Millar, is becoming ever more likely. Perpetual has been infuriated by the failure of the company to give its side of the story. MAM has declined its support for an EGM, but Perpetual only needs backing from shareholders with a further 0.5 per cent stake in the company to achieve the 10 per cent threshold it needs to press ahead.

The likely agenda would be to cut spending, oust Mr McCullagh and reinstate Dr Millar. To date, the battle has been about personalities. It is easy to forget that the future of British Biotech depends upon whether its drugs heal the sick, not upon which single-minded visionary is running it.

15/5/98

TOBACCO GROUP'S CHIEF EXECUTIVE BLAMES CONGRESS FOR WRECKING A SETTLEMENT OF LITIGATION AGAINST THE INDUSTRY

BAT abandons hope of reviving US deal

By Jonathan Ford

BAT Industries, the tobacco and insurance group, has abandoned hopes of reviving last year's proposed deal between the US tobacco industry and state attorneys-general to settle tobacco litigation.

Speaking at the company's annual meeting, Martin Broughton, chief executive, accused Congress of wrecking the deal.

Last month Congress approved draft legislation that would increase the payments the industry would have to make from the original \$368.5bn over 25 years to more than \$600bn (\$59bn) without giving it the legal protections it had sought.

"We originally entered the settlement in good faith and if those terms were still on

the table, we would agree," he said. But Mr Broughton thought there was little chance of that happening.

"From now on, we will continue to defend ourselves in court, whilst reserving the right to make settlements in 'roll of the dice' cases," he said.

Law suits are being filed against the company at the rate of one a day in the US, and Mr Broughton said BAT's legal costs were continuing to mount. Last year, the company paid about \$100m in legal fees.

BAT said the proposed demerger of its financial services business would not be affected by the collapse of the settlement.

The demerger is due to take place in June, following which the financial services arm - which includes the

UK insurers Eagle Star and Allied Dunbar as well as Farmers Group of the US - will be merged with Zurich Group of Switzerland.

Some analysts have argued that US litigants could block the demerger because it would reduce BAT's ability to pay future claims. Alternatively, litigants could in future make claims against the demerged financial services business if the tobacco side went bankrupt.

Mr Broughton said BAT had been reassured both by its lawyers, and those acting for Zurich that there was no danger of the financial services side being "contaminated" by tobacco claims.

BAT increased first-quarter operating profits by 10 per cent to \$55m on turnover 10 per cent higher at



Martin Broughton, BAT's legal costs were continuing to mount

Ashley Ashwood

\$5.26bn. Pre-tax profits fell to \$578m from \$585m. However, excluding \$46m of disposal profits in the first quarter of last year, they were 8 per cent higher. Earnings per

share were 10.7p (11.1p). The tobacco business increased profits by 7 per cent to \$289m, helped by strong performances in Latin America and Europe.

Asian consumption slipped following the financial crisis. The financial services business increased profits by 16 per cent to \$298m. The shares rose 9p to 570p.

Newcastle Utd director resigns

By Patrick Harverton

Newcastle United yesterday lost another senior executive when Jo Dixon, finance director for the past three years, announced her resignation as the club's turbulent season draws to a close.

However, the football club said Ms Dixon's departure was entirely amicable and unrelated to the recent scandal that led to directors Douglas Hall and Freddy

Shepherd being forced to resign after they were recorded making insulting comments in a Spanish brothel about Newcastle fans, local woman and Alan Shearer, the team's star player.

"It hasn't been an easy few months for the club but that's not been the reason for my departure... It's just time to move on," said Ms Dixon. She said that when she steps down in June her

first priority will be to take the summer off before returning to a new job in the business world, unrelated to football.

Sir Terence Harrison, Newcastle's chairman, said: "I think she's done an excellent job... we wish her the best." He said a national headhunting firm had already been commissioned to find Ms Dixon's successor, although her assistant, Les Wheatley, who will temporarily take over as finance

director, would be considered for the job.

The club also announced the appointment of two new non-executives to join the parent company's board. John Fender and Tom Fenton are the nominees of Cameron Hall Developments and Shepherd Offshore, the company's two largest shareholders previously represented by Mr Hall and Mr Shepherd.

RESULTS

	Turnover (£m)	Pre-tax profit (£m)	EPS (p)	Current dividend (p)	Date of payment	Dividends Corresponding dividend	Total for year	Total last year
Arden	Yr to Dec 31	17.4 (16.6)	1.01 (1.15)	2.11 (2.48)				
Arden	Yr to Dec 31	28.2 (28.2)	3.37 (4.55)	3 (4.3)				
BAT Industries	3 mths to Mar 31	6,236 (5,677)	573 (585)	10.7 (11.1)				
Glaxo	Yr to Jan 31	21 (19.8)	0.82 (0.79)	1.81 (1.71)				
ICI	6 mths to Mar 31	2.5 (2.5)	1.78 (1.78)	7.2 (7.5)				
Imperial	Yr to Dec 31	15.3 (14.4)	1.14 (1.09)	0.4 (0.3)				
Mid-Share	Yr to Dec 31	71.8 (70.4)	6.18 (6.18)	11.3 (11.3)				
SWP	6 mths to Mar 31	8.05 (7.18)	1.54 (1.54)	0.77 (0.77)				
Waterbury	3 mths to Mar 31	7.02 (7.17)	754 (482)	5.87 (5.87)				
Investment Trusts								
British Assets	6 mths to Mar 31	180.5 (198)	8.98 (9.08)	2.58 (2.51)	1,200	1.18		1,825
Pending Bond Euro	Yr to Mar 31	840.4 (469.9)	1.88 (3.05)	2.58 (4.87)	2.8	2.8		4

Earnings shown basic. Dividends shown net. Figures in brackets are for corresponding period. After exceptional charge. After exceptional credit. 10n increased capital. 60n stock. 80n currency. 10n second issue.

EMI chief could receive £2.4m

By Alice Rawsthorn

Sir Colin Southgate, chairman of EMI, the embattled music group, is in line for compensation of nearly £2.4m (£4m) should he leave following a takeover.

According to the terms of his contract in the group's 1996-97 report and accounts, Sir Colin's period of notice automatically increases from 12 months to 36 months after a change of control.

The company acknowledged two days ago that it had received a bid approach believed to be from Seagram, the Canadian entertainment company.

Seagram, which is keen to merge EMI with its Universal Music subsidiary, is understood to have started discussions with the UK group several weeks ago.

EMI's shares soared by 99p to 807p on Thursday after it confirmed having

received an unspecified approach.

However, the shares slipped by 7p to 800p yesterday as investors digested the previous day's acknowledgement of an approach.

Walt Disney, the US entertainment company, and Kirk Kerkorian, the US corporate raider, are also known to be interested in EMI.

Sir Colin is not the only executive who could benefit from a takeover. The notice period of Simon Duffy, finance director, would also rise to 36 months in the event of a change of ownership.

Mr Duffy would be entitled to receive £1.2m, based on his 1996-97 remuneration of £444,000. However, it is understood that his package was increased last month when he accepted the additional role of joint deputy chairman.

Boosey buys out its biggest shareholder

By Alice Rawsthorn

Boosey & Hawkes, one of the world's largest musical instrument manufacturers and classical music publishers, has won its independence by buying out its biggest shareholder. Carl Fischer, the privately owned US music publisher.

Boosey will create a new holding company and place most of the 45.3 per cent of its shares previously owned by Fischer among institutions. The deal ends a year of uncertainty for one of the oldest names in British music.

Boosey's future has been in doubt since April last year, when the Fischer family put their business up for sale. Anyone buying Fischer by far the largest part of which was the Boosey stake, was obliged under London stock market regulations to bid for the rest of Boosey.

Sony Music, part of the Japanese electronics and entertainment concern, considered bidding for Fischer last year, as did EMI, another famous name in British music, now threat-

ened with losing its independence following an approach from Seagram, the Canadian drinks group.

Dick Holland, Boosey's chief executive, said yesterday: "This is a great company and we might very easily have seen it go. After all the uncertainty, we now have a new lease of life and can get on with running our business."

Boosey, which owns Rico Reeds and Buffet Crampon flutes as well as publishing rights to music by Prokofiev and Stravinsky, increased pre-tax profits by 14 per cent to \$8.1m on sales of \$94.8m last year.

Under the terms of the Fischer deal, its shareholders will be offered one share in the new company, Boosey & Hawkes Group, in return for each existing share, or 500p cash. Boosey's shares were unchanged at 75p.

Boosey has raised £32.8m by placing 6.78m shares at 500p each with institutions to pay any Fischer investors opting for cash. The estimated \$10m value of Fischer's assets should cover Boosey's financial costs.

CRH pays \$60m for MA Segale

By Robert Wright

CRH, the acquisitive building materials group based in the Irish Republic, is to buy MA Segale, an aggregates, paving, asphalt and construction business in the US, for \$60m.

The payment includes deferred payments over a 10-year period.

Goodwill arising from the purchase will amount to about \$10m.

The acquisition is by CRH's Oldcastle Materials Group, which already has operations in the Seattle area. Segale has long-term access to more than 50m

tons of aggregate reserves and made trading profits of \$4.1m on sales of \$50m in 1997.

Mario Segale, founder and majority shareholder, and other members of his family, will continue to manage Segale for the rest of this year, while also pursuing other business interests.

The Segales will then have an advisory position.

In September last year, CRH bought CPM Development Corporation of Spokane, Washington.

Shares in CRH, which is quoted in Dublin as well as in London, rose 14p to 864p yesterday.

WEEKEND BUSINESS

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Incorporated in Brussels by Royal Decree dated 28 August 1822

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Trade Register Number: Brussels 17487

The Board of Directors is convened for its 1997 Annual Meeting, in accordance with Article 22 of the Memorandum and Articles of Association, to vote on the following agenda:

AGENDA

1. Board of Directors' Auditors' reports for the 1997 financial year.
2. Approval of the Company's annual accounts: Approval to approve the annual accounts as at 31 December 1997, including the distribution of a cash dividend of \$100, which will be increased to \$125, and the presentation of the corresponding dividend certificate with the ordinary coupon.
3. Discharge to the members of the Board of Directors and the Auditors from performance of their task for the 1997 financial year.
4. Appointments according to the Memorandum and Articles of Association:
 - 4.1. Proposal to appoint Messrs Philippe Brongniart and Patrick Buffet as Directors.
 - 4.2. Proposal to renew the mandate of S.C.C. Deloitte & Touche, Company Auditors, as statutory auditors, for the period from 1 January 1998 to 31 December 1998, by Mr Robert Peirce, who has been asked to renew its mandate.
 - 4.4. Proposal to set the auditors' fees at the amount of \$100,000, plus VAT, for the year 1998, by the Board of Directors.

In order to attend this meeting, shareholders must deposit their shares with the Company's registered office by Wednesday 13 May 1998 at the latest, or at one of the following banks:

In Belgium: Generale Bank
In France: Cédit Agricole Indosuez
In Luxembourg: Banque Générale du Luxembourg
In Switzerland: Cédit Suisse First Boston
In Germany: Deutsche Bank & Co

Without prejudice to the terms of Article 74, § 2, para 2 and § 3 of the co-ordinated laws on commercial companies, shareholders who wish to be represented should use the form of proxy which is available on request.

All proxies should reach the Company's registered office as soon as possible and by Monday 18 May 1998 at the very latest, which date was laid down by the Board of Directors in accordance with Article 20 of the Memorandum and Articles of Association.

Brussels, 2 May 1998

C. MORIN-POSTEL
Chief Executive OfficerE. DAVIGNON
Chairman

COMPANIES & FINANCE: UK

PROFILE

A Belgian with a passion for growing businesses

'I hate going through headcount reductions'
- Paul Buysse, chief executive of Vickers
talks to Andrew Edgecliffe-Johnson

Less than four hours into his new job as chief executive of Vickers, Paul Buysse said: "For a Belgian anglophile, this is a dream." He was not talking about his elevation to head the maker of Challenger tanks, Cosworth car engines and - for the moment, at least - Rolls Royce Motor Cars.

He was pointing at the view from the 29th floor of Millbank Tower - an impressive sweep over the Palace of Westminster, the City and the neighbouring offices of MIs, which he enthuses about as "a perfect building for its purpose - compact, discreet and efficient".

The florid 53-year-old is neither compact nor particularly discreet, but he has made an efficient start at Vickers. His new office was empty apart from a large box of plane and budgets, and he had just finished his first meetings with the divisional chief executives. "I'm an expert now on defence and marine propulsion," he laughs. "I've been here three hours and twenty minutes."

His appointment to take

over executive duties from Sir Colin Chandler, Vickers' chairman, took many by surprise. He had previously made headlines only for leaving BTR with £1.14m compensation. He joins Vickers as it is trying to complete a complex auction for Rolls-Royce Motors, and is facing questions about keeping businesses as diverse as engines and marine propulsion systems together.

Mr Buysse, who ran BTR's power drives division from 1994, says he was drawn to Vickers because "the name of the company and the corporate image is so strong".

He is not prepared to say what his detailed plans are, because he has none yet, but shareholders hoping for a break-up of the empire or an injection of financial rigour may be disappointed. "I'm in life to grow businesses. I hate going through headcount reductions. Life should be fun, and shrinking businesses is not fun."

He also makes it clear that, despite the box of paperwork, he wants to spend as much time out of his office as possible. The

team of divisional managers which BTR assembled in 1991, including Roberto Quarta at BBA and Bob Beeston of FKI, "need to walk around factories and talk to people - we can't run businesses on files or on graphs or on computer spreadsheets." He adds, convincingly, "With all of us, there's a lot of passion."

Such remarks provide the first hint about the reasons for Mr Buysse's mysterious "early retirement" from BTR in January. Did he just fall out with Ian Strachan, the suave numbers man who became BTR's chief executive two years before Mr Buysse left? He is not about to confirm the analysts' suspicions, but he says his time at BTR was "the nicest 10 years of my life - until a couple of months ago". He adds: "Sometimes in life you have differences of focus."

With Mr Strachan talking about "new BTR" versus "old BTR", and with Mr Buysse's mentor, Bob Faircloth, about to retire from the BTR board, it is easy to surmise that Mr Buysse's face no longer fitted. However, he insists there is no animosity. "The first fax I received when I got this job was from Ian Strachan."

He suggests that sharing a

board with Sir Colin Chandler may be easier. "That was my major concern when I had my many discussions with him, but the chemistry between us was immediate." Mr Buysse says only one of them can run the business, but hopes that the two will complement each other. "I am not a defence specialist, but I know how to run an engineering business."

Jeffrey Herbert, the chairman and chief executive of Charter who was among the Vickers non-executive directors who selected Mr Buysse, said that the fact he had already run a business with annual sales of £1.2bn helped. Vickers had sales of £1.2bn last year, including Rolls-Royce Motors, and Mr Herbert said Mr Buysse's more international exposure will be welcome.

Mr Herbert, another engineer, says: "What you have in Paul is a professional industrial manager. He has a very strong operational background and all of us on the board felt at this stage that was essentially what Vickers needed."

Some analysts are cautious about his strategic record, saying that although he assisted in BTR's acquisition and integration of Hawker-Siddeley, he made

few large purchases or disposals himself.

Mr Buysse talks with affection of the BTR managers fostered by Owen Green in his last years in charge of the conglomerate. "Our intention was to be a very strong, super-professional management team. We brought that share price to 400p collectively and we are damned proud of it."

He does not mention the subsequent five-year slide in the shares, or the fact that, at just below 200p, they are below where they were in 1991.

Mr Buysse's recollection of events is shared by ex-BTR executive Bob Beeston, who says: "All this bloody nonsense about BTR not growing the business isn't true. Paul Buysse knew how to grow a business and he certainly knew how to make a profit." Equally, analysts at Merrill Lynch credit Mr Buysse's power drives division with generating the best organic growth of any of BTR's engineering businesses between 1992 and 1996.

He has received recognition of another kind, being knighted by the king of the Belgians in 1994 for his services in turning around BTR's Belgian businesses,

such as Hansen Transmissions and Dunlop Conveyor Belting.

Three of his five children are in Belgium, as is his house (although he was

house-hunting in London yesterday afternoon), and he says "I think it is a great country."

He adds, however: "My country is going through a

shock: If you talk about restructuring and repositioning yourself for the future, this is what you will find in Belgium." He faces more of the same at Vickers.



NEWS DIGEST

TRANSPORT

Management buy out
Goode Durrant arm

Dudley Thompson, the former finance director of Goode Durrant, is leading a £25.8m buy-out of the vehicle rental company's equipment hire business, Ravenstock Tern.

For Goode Durrant the deal marks the completion of its strategy of focusing on its commercial vehicle hire business, Northgate.

Ravenstock, which hires security containers and portable cabins, contributed £2m to group pre-tax profits in the year to April 1997 on turnover of £13m and net assets of some £1.8m. The consideration includes the assumption of £9.3m of debt.

The management buy-out is backed by Barclays Private Equity, the venture capitalists, which is putting up £11.5m in equity capital for a majority stake. Management will hold less than 30 per cent, with the balance provided as debt finance by the Bank of Scotland.

The disposal will reduce gearing at Goode Durrant from 120 per cent to 100 per cent, allowing the company to augment its van fleet. Christopher Swann

MEDIA

Pearson makes strong start

Pearson, the media company that owns the Financial Times, has been "encouraged by the strong start" its businesses have made to the 1998 financial year, but expects its results to be tempered by the strength of sterling, it said yesterday.

Sir Dennis Stevenson, Pearson's chairman, told the company's annual meeting that its trading performance was "very much in line with expectations" so far, although its trading results tend to be weighted towards the second half. The shares closed up 19p at 950p.

WATER

Board changes at United Utilities

Sir Peter Middleton, who was involved last year with shareholder pressure to oust Sir Desmond Pitcher, former chairman of United Utilities, has taken the job of vice-chairman at the combined electricity and water company. Sir Desmond stood down as chairman at the start of this month after shareholders called for his replacement. Sir Peter Middleton, who has been a non-executive director of United Utilities since 1994, was seen to take the lead in canvassing the opinions of disgruntled investors.

He is also credited with having recruited Sir Christopher Harding, chairman of Legal & General, the insurance group, to take over from Sir Desmond as non-executive chairman. Roger Taylor

ENGINEERING

Meggitt appoints new chairman

Sir Donald Spiers has been appointed as non-executive chairman of Meggitt, following the death of Ken Coates, who was credited with having saved the aerospace and electronics group from near-extinction.

Sir Donald, a chartered engineer by training, was controller of aircraft for the Ministry of Defence from 1968 to 1994, where he was responsible for aircraft and aerospace procurement for the UK armed forces. He has been on the Meggitt board since 1995. Andrew Edgecliffe-Johnson

PROPERTY

Pemberstone buys homes portfolio

Pemberstone, the property group, is to buy the property portfolio of Homes for Tenants - a series of companies launched under the Business Expansion Scheme in 1993 - for £18.3m. The Homes for Tenants companies have a portfolio of 358 rental properties in England and Wales and have net assets of just over £16m.

ENTE NAZIONALE PER L'ENERGIA ELETTRICA

LIT 500,000,000,000 FLOATING RATE NOTES DUE 2000

In accordance with the provisions of the Notes, notice is hereby given as follows:

- Interest period: 30th April 1998 to 30th October 1998
- Interest payment date: 30th October 1998
- Interest rate: 4.75% per annum
- Coupon amounts: LIT 120,729 per Note of LIT 5,000,000
LIT 1,207,292 per Note of LIT 50,000,000

Agent Bank

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25 من الابريل

Top-tier revamp at Boston Chicken

From a peak of \$38 at the start of last year, the shares were trading yesterday at a \$4½, up 5 per cent following the announced management changes.

In this role it will provide the means for speedier links and the grouping of sites into areas of common interest, which is expected to enhance their appeal to advertisers who will be offered "packages" of space spread across several cities.

Hughes Corporation joined a rival DTH consortium, Galaxy Latin America, with a small, privately owned Mexican media group called Multivisión, Organización Cisneros of Venezuela and Brazil's TV Abril.

Sega is not releasing details of the new machine. Individuals close to the company said it would be Internet-compatible, allowing players to compete on the International network. AP-DJ, Tokyo

First Quarter Results 1998

For copies of Unilever results statements telephone Freephone 0800 181 891 or write to: Unilever Corporate Relations, P.O. Box 68, Unilever House, London EC4P 4BQ, or P.O. Box 760, 3000 DK Rotterdam. For information about Unilever, access Internet address: <http://www.unilever.com>

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COMPANIES FT MARKETS

Weekend May 2/May 3 1998

brother
PRINTERS
FAX MACHINES

Rivals back Microsoft on Windows 98 launch

By Louise Kehoe in San Francisco

The widely expected US anti-trust action to block Microsoft's launch of Windows 98 has been attacked by top executives from leading computer and software groups as a threat to their companies as well as Microsoft.

Executives from 26 companies including Compaq Computer, Intel, Hewlett-Packard, Dell and Advanced Micro Devices have signed a letter of protest.

They call on Joel Klein, head of the Justice Department's anti-trust division, not to take any action that might delay or block the new PC operating system program which is scheduled to make its debut in late June.

"We - and many other companies in the PC industry - have spent millions of dollars developing, marketing and promoting products and services that depend on the on-time launch of Windows 98," the letter stated.

"The direct effect on the US

economy of a delay to Windows 98 would be considerable," the executives said. "Interfering with the release of Windows 98 would drag down the entire industry's efforts to deliver value to consumers and returns to shareholders."

The "remedy could be worse than the disease," said another computer company. The industry executives made clear that they were not expressing any opinion on the merits of the Justice Department's investigation of Microsoft. However, they feared that the Justice Department would try to force the software company to separate its operating system and Internet browser programmes, both of which are incorporated in Windows 98. This would almost certainly delay for several months the introduction of the product.

"We are not particularly fond of monopolists," said Advance Micro Devices, another signatory. "We are not commenting on whether Microsoft is abusing its market power, but rather on any spe-

cific action to delay Windows 98. The federal government should not get involved in deciding which functions or features the company can include in its software or chips. That could stifle innovation."

According to several companies whose chief executives signed the letter, Microsoft instigated the process and requested the support of its industry allies. Bill Gates, Microsoft chairman and chief executive, and Steve Ballmer, executive vice president, were said to have been involved.

The letter also demonstrated the dependency of the industry on the software leader, industry executives noted. Some felt the letter could backfire providing the Justice Department with further evidence of Microsoft's monopoly power.

"No computer manufacturer can afford to harm its relationship with Microsoft," said the head of a software industry trade group that has urged anti-trust action against Microsoft.

Revamped Unilever surprises markets

By John Williams, Consumer Industries Editor

Shares in Unilever, the Anglo-Dutch consumer group, rose sharply in London and Amsterdam yesterday after it announced first-quarter results well ahead of market expectations.

Pre-tax profits rose 56 per cent at 1997 exchange rates to £754m (\$1.3bn), leading analysts to upgrade their forecasts for the full year. Net profits at current exchange rates rose 44 per cent to £426m.

Unilever said the performance reflected the success of a restructuring programme that has focused the group around 14 core businesses and imposed tougher financial disciplines.

Investors seemed to agree: the shares rose 5p to 686p in London, and £14.90 to £158.70 in Amsterdam.

"The group surprised the market throughout 1997 and has done it again with the first figures for 1998," said Tim Potter of Merrill Lynch. "Unilever must be confident it can continue to do so."

Profits were up in all five geographical divisions, and in most product ranges - from margarine and ice cream to soap powder and cosmetics.

Unilever continued to launch products, including detergent tablets, two ice creams in a wafer shell and Ponds Clear Face Strips - sticky tape that cleans skin by extracting blackheads.

Even in the troubled Asia-Pacific region, where currency instability cost the group £20m, profits rose 30 per cent.

The first quarter was six days longer this year than in 1997, adding about £20m to profits. In addition, the group's £2.2bn cash pile produced £30m of net interest compared with a payment of £4m the previous year.

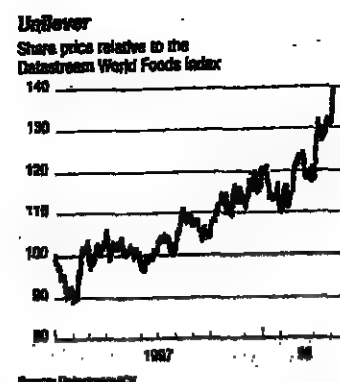
Turnover declined slightly to £7.07bn, largely because of last year's disposal of its specialty chemicals divisions and several food businesses. Excluding these disposals, sales in continuing operations rose 8 per cent.

Earnings per share at 1997 exchange rates rose 44 per cent to 5.67p (5.94p).

See last page for a preview of growing businesses, Page 34

THE LEX COLUMN

If you want my bonds



Well, if Rod Stewart can do it, can everyone? The opportunities for securitisation seem limitless. Specific assets, from film libraries to mortgage books, can be repackaged into bonds and sold to investors, provided they produce a predictable stream of cashflows. Rod Stewart's \$5m securitised loan from Nomura Capital, for example, was backed by revenues from his music publishing catalogue. More mortals, however, are unlikely to have the sort of collateral which can give a securitised bond an investment grade rating. Such a rating increases the potential pool of investors and will increase demand for the bond, so lowering the yield.

The asset-backed securities market may never develop to allow humble salarymen and women to enjoy the fruits of their future labour now. But it is nevertheless set for rapid growth, particularly among financial institutions.

With the euro set to remove currency barriers to transparency, European banks will be under increasing pressure to improve low returns on capital. Boosting returns by taking capital tied up in low-yielding assets off the balance sheet and recycling the proceeds to more productive uses will be increasingly common.

Given the one-third fall in European government bond issuance expected as countries tighten their belts for the fiscal stability pact, investors' demand will surely tempt further supply of relatively high-yielding securitised issues. Film studios offering their blockbuster bonds and biotechnology companies their latest drugs may soon be a familiar part of the investment landscape.

Unilever

The Unilever super-tanker has not only turned round but seems to be steaming rapidly in the right direction. It came into this year with a fair wind behind it. Margins were primed for improvement by last year's heavy restructuring. With profits on target, the group has kept up the marketing momentum instead of rationing such expenses. While the first quarter figures were flattened by various one-off pluses, they still established the group as a forecast beater. Full-year pre-tax profit predictions have been edged up to about £2bn (£2bn), propelling earnings growth into double figures after a pretty flat three years.

Much of this improvement has

been captured in a share price that has outperformed the global food sector by about 30 per cent since the start of last year. Fortunately, productivity improvements and the purge of weak performers have some way to run. Leaving aside the one-off gains, operating margins are still below 10 per cent in the bulk of its businesses: a few more points should be attainable.

Progress looks secure for this year and next, despite the slowdown in parts of Asia. But there is still the matter of £3.2bn cash to spend, plus several billion of borrowing capacity. Part of that would go a long way into emerging markets, but beefing up its presence in North America is more difficult because of high prices. A US or UK company would return some cash to shareholders. The current market appreciation and need for changes to Dutch tax laws will buy patience on this point.

PeppiCo

How to put some flex back into Pepsi? Its US market share has been declining for a decade. Domestic volumes have been flat for 15 months, while worldwide they are growing at 4 per cent compared with Coca-Cola's 9 per cent. And its bottlers have been complaining about its "Generation Next" commercials, contributing to the departure of Brian Swartz, head of beverage marketing.

PeppiCo's problems are not really on the creative side. Its quirky ads had Coca-Cola on the run for much of the 1980s.

Its product innovation remains impressive: Mountain Dew, a caffeinated citrus drink, has turned into a great success. The group's weakness lies in distribution. In North America, Coca-Cola dominates in vending

machines, cold-drink cabinets and the fountain business - supplying concentrates to restaurants. Overseas, Coke outsells Pepsi by nearly three-to-one.

PepsiCo is working to remedy that. It has belatedly created a fountain division, is putting 150,000 new vending machines on the streets and has launched a new look for Pepsi. The group is spending so heavily in emerging markets like China and India that its international drinks business will probably make a loss this year.

Combined with a weaker performance from Frito-Lay snacks, that held the rise in first-quarter operating profits to 2 per cent. If investors were convinced that the group's ambitious investment programme would pay off, they should be prepared to stomach such short-term costs. But when the competitor is Coca-Cola, it is hard to bet on PepsiCo with confidence.

More Group

Is Decaux really all bet and no cattle, as Clear Channel, its Texan rival for More Group, suggests? No, and the Office of Fair Trading should also take the French outdoor advertising company's £478m (\$783m) bid more seriously. The problem is not so much that Decaux's near 90 per cent share of "street furniture" advertising - for example, on bus shelters and toilets - will squeeze advertisers. After all, the combined group would have only 33 per cent of the total outdoor advertising market, leaving plenty of other media space available.

The real reason to refer Decaux's bid to the Monopolies and Mergers Commission is that local authorities - which get much street furniture for free by conceding a percentage of the advertising revenue - may end up with less competitive tenders. A commission inquiry looks necessary to establish whether an important public service is in danger of deteriorating.

If the French bid is blocked, Clear Channel - now offering £10.80 a share - will probably have to match Decaux's £11.10 counter-offer. At less than 10 times forecast 1998 earnings before interest, tax and depreciation, this is not an exorbitant price to pay to enter this segment of the market, and well below multiples paid in the US. If Decaux's bid is not blocked, current tenorance levels in both camps suggest More shareholders can look forward to heated bidding.

VW likely to make fresh bid for R-R Motor Cars

By Graham Rowley, Roger Taylor and Andrew Edcliffe-Johnson

Volkswagen is expected to approach Vickers next week with an offer of between £400m and £500m (\$635m) for Rolls-Royce Motor Cars.

The German carmaker is determined to make a firm offer for the luxury car group before the rival £240m offer from BMW is voted on by shareholders at an extraordinary meeting in early June.

Vickers, the UK engineering group, faced protests from small shareholders this week when it announced an agreement to sell Rolls-Royce Motor Cars to BMW. Vickers has said it is not seeking higher offers but will consider any new bid.

The BMW offer is due to be circulated to shareholders in about two weeks. VW believes it makes a better offer because then Vickers will be obliged to present it to shareholders alongside the BMW offer. This would give shareholders a

choice of bids when they come to vote on the disposal.

The management of Rolls-Royce Motor Cars is thought to favour a sale to BMW, which supplies engines for its new Silver Seraph model. However, large shareholders have made clear they will vote for the highest cash offer. VW lost out to BMW in the first round of bidding after refusing to increase its initial offer. It appears to have rethought its position since the deal with BMW was announced and is now offering to pay substantially more than its rival.

The BMW offer excludes Rolls-Royce Motor Cars' press operation, estimated to be worth £12m. BMW has also agreed to make an additional payment to reflect stock built up since the start of the year, which analysts believe could be as high as £4m.

VW has acknowledged that it will have to pay a premium above BMW to win control of Rolls-Royce Motor Cars and is

expected to offer more than £400m.

Paul Bysses, who took over as chief executive of Vickers yesterday, said he would take no part in the sale, which will be handled by chairman Sir Colin Chandler. He also made it clear that the sale of Rolls-Royce Motor Cars would be the end of the restructuring at Vickers and ruled out any sharp change in strategy.

"Vickers is in the final phase of their restructuring. The strategy is clear and the strategy is clear," Mr Bysses said.

Analysts have argued that the sale of the carmaker could be followed by further reorganisation and disposal by the engineering group, which makes a range of products from Challenger 2 tanks to power boats.

The BMW deal has prompted protests from Rolls-Royce enthusiasts keen to keep the marque in British hands.

See last page for a preview of growing businesses, Page 34

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Markets Latest

FTSE 100	6153.2	(+62.0)	US DOLLARS	
Yield	2.7%		New York 100	1.6895
FTSE Europe 500	3241.07	(+8.75)	London	1.6895 (1.6720)
FTSE All-Share	2822.27	(+1.29)	DM	1.6842 (1.6704)
Nikkei	15,001.10	(+40.16)	FF	1.6828 (1.6617)
New York 100	6153.2	(+62.0)	SFR	2.485 (2.470)
Dow Jones Ind	9988.70	(+25.41)	Y	221.897 (220.527)
S & P Composite	1114.13	(+2.38)	Z	100.5 (100.5)
US DOLLARS				
3-mo interest	7.5%	(7.39%)	New York 100	1.6895
Life long pit kit	June 1998	(+108%)	London	1.6895 (1.6720)
US DOLLARS			DM	1.6842 (1.6704)
Federal Funds	5.49%		FF	1.6828 (1.6617)
3-m Treasury Yld	5.49%		SFR	2.485 (2.470)
Long Bond	10.2%		Y	221.897 (220.527)
Yield	5.49%		Z	100.5 (100.5)
US NORTH SEA OIL (Argus)				
Brent Dated	0	(607.5)	New York 100	1.6895
WTI	0	(607.5)	London	1.6895 (1.6720)
New York Crude	0	(607.5)	DM	1.6842 (1.6704)
London	0	(607.5)	FF	1.6828 (1.6617)
			SFR	2.485 (2.470)
			Y	221.897 (220.527)
			Z	100.5 (100.5)

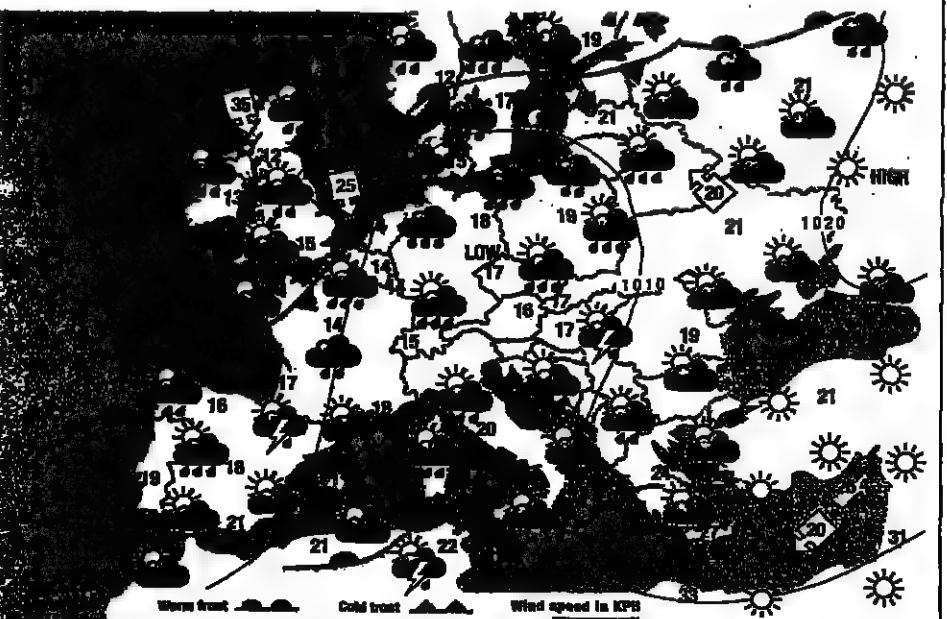
Weather

Europe today

Much of Europe will be rather unsettled. Northern France and the Low Countries will be cloudy with patchy drizzle. Southern France and central Europe will be brighter, but there will still be many showers. Germany, southern Scandinavia and eastern Europe will be mostly cloudy with heavy showers and longer periods of rain. Western Russia will be dry and sunny. The eastern Mediterranean will be warm and sunny, but central and western parts are more likely to have showers.

Five-day forecast

Much of northern Europe will be cloudy and wet with the heaviest rain over Germany, southern Scandinavia and eastern Europe. Central Europe will be brighter but showery. It will be warm and sunny from western Russia south to the eastern Mediterranean. Other parts of the Mediterranean are more likely to have showers.



Situation at midday. Temperatures maximum for day. Forecasts by PA WEATHER CENTRE

TODAY'S TEMPERATURES

Madrid	24	Barcelona	20	Seville	18
Paris	14	London	12	Birmingham	10
Manchester	10	Edinburgh	8	Glasgow	8
Aberdeen	6	Cardiff	10	Belfast	10
Amsterdam	14	Brussels	12	Frankfurt	12
Geneva	14	Zurich	14	Munich	14
Vienna	14	Berlin	14	Warsaw	14
Prague	14	Bratislava	14	Stockholm	14
Helsinki	14	Tallinn	14	Riga	14
Moscow	14	St. Petersburg	14	Sochi	14
Yerevan	14	Tbilisi	14	Baku	14
Jerusalem	14	Nicosia	14	Beirut	14
Amman	14	Cairo	14	Alexandria	14
Suez	14	Dhaka	14	Colombo	14
Delhi	14	Mumbai	14	Chennai	14
Hyderabad	14	Bangalore	14	Madras	14
Calcutta	14	Kolkata	14	Guwahati	14
Dispur	14	Shillong	14	Imphal	14
Itanagar	14	Dehra Dun	14	Roorkee	14
Meerut	14	Delhi	14	Jaipur	14
Bikaner	14	Udaipur	14	Varanasi	14
Allahabad	14	Lucknow	14	Patna	14
Gorakhpur	14	Varanasi	14	Patna	14
Patna	14	Patna	14	Patna	14

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الاحد 25

FT
WEEKEND
MAY 2 MAY 3 1998



Beyond belief
'Naipaul deals with the malignant legacy of feudalism, given new strength by the Afghan wars and the drugs trade'

Page V



Pint-sized aquilegias
'They are too precious to be used in the edge of borders but I use them in squares of soil left unpaved in a terrace'

Page XIX



Grey area
'At issue is whether the proposed saltworks will harm the whale and the commitment to protect nature reserves'

Page XXIV

This is the heart of Japan. Fushada Koide was merely matter-of-fact. A dry wit, honesty about bodily frailty ("When the back and knees go, it's time to quit"), and an unfashionable light blue suit make him seem more the retired salaryman with the physical ailments of an average 79-year-old than the chief guardian of Shinto ritual for Emperor Akihito and the keeper of the country's spiritual myths.

Koide presides over the three shrines on the 265-acre palace grounds where Akihito worships his imperial ancestors, the Sun Goddess and other deities, whose presence has provided the justification for the elevation of the Emperor's status over the past century. The authenticity of these gods, as much as any god's authenticity can be verified, has never been proved to the satisfaction of all Japanese, but more controversial is the role these myths of uniqueness played in the mental preparation for the second world war.

Within the high stone wall of the moated palace compound, Fushada Koide is no proselytiser and certainly not pining for a pre-war fanaticism. But he is a symbol of the system's continuity. He is a distant relative, by marriage, of the Emperor and, like most of the other, lesser ritualists at the palace, is of aristocratic origins. His father, also a ritualist, was a viscount before Japan's peerage system was abolished by the US-led Occupation forces after the end of the war.

The Emperor's place of prayer - Akihito still spends at least 30 days a year worshipping at Koide's shrines - does remain, in some ways, the core of the country. But the Emperor himself, who is seeking to modernise the imperial system, no doubt realises that his divine links are also the core of the problem. This status - and the rituals that reinforce it - set him apart from the mere mortals of European royalty, and mean that significant reforms of the Chrysanthemum Throne can never be simply secular.

When Emperor Akihito and Empress Michiko call at Buckingham Palace later this month, they will recognise some of the regal touches and ceremonies. The British monarchy was a significant source of inspiration for a Japanese imperial family of ancient lineage but which had its history embellished into last century.

Once again, the Emperor, a keen student of monarchies, is likely to look to the British Royals for insight. Akihito is grappling with problems of accessibility and of how to remain relevant to a younger generation. He has no doubt been watching the efforts in London to respond to the crisis of confidence and image after the death of Diana, Princess of Wales, and though, at least in the minds of the traditionalists, he may be descended from the divine, himself, he is a humble and self-critical man.

To understand his present difficulties and the importance of palace ritual, the writing of Takashi Fujitani, an associate professor of history at the University of California, is a good place to start. Fujitani notes in his book *Splendid Monarchy* that while the rituals Fushada Koide performs have the appearance of ancient custom, many are of relatively recent manufacture.

The fabrication began with the Meiji restoration in 1868, when Japan opened up to the outside world and struck out on a course of modern-

isation. Fujitani describes the process: "It mattered less that the Koreiden and Shinden (two of the three shrines Koide oversees) were actually new shrines - and that the majority of rites performed there were also recently invented - than that both the shrines and the rites appeared to be archaic and created a world mysteriously removed from everyday affairs."

The contradiction inherent in modernisation was that the Meiji leaders had to burnish a sacred past for the imperial family because their intention was to unify a feudal country, with local loyalties, around a national figure. Until then, many Japanese had not heard of the Emperor, let alone his descent from the Sun Goddess and his role as the central figure of Shintoism, while the imperial family had worshipped ancestors at a Buddhist tablet.

Koide's family, along with other former lords and samurai, became part of a European-style peerage created to buttress the throne. The aim of the Meiji leaders in devising royal ceremonies was not only to give Japan the gloss of a world power but in the face of social upheaval, to legitimise their rule by enhancing the status of the Emperor and convincing the masses of their supposedly shared, uniquely Japanese origins.

The manufacturing job was well done. When Masako Owada married Crown Prince Naruhito in 1993, the ceremony Koide performed was depicted as filled with mystical tradition - she wore an 8th century style kimono. Yet the first Shinto wedding was held at the imperial palace in May 1900, apparently inspired by an influential report "A Survey of the English Monarchy's Practices", which noted: "It should be realised that the marriage ceremonies of the royal houses and families are... usually religious."

It is clear that Naruhito

shares his father's discomfort at the exalted status he will inherit; he married a worldly-wise commoner, a former trade negotiator with expertise in semiconductors.

The reason the Emperor has the awkward task of reform is that the task was not done properly after the second world war. Under the 1947 constitution, the Emperor was stripped of all political authority and the occupation administration reduced the palace staff from 6,200 to today's level of around 1,000. It also got rid of much of the property and stock holdings, forcing the imperial family to rely on

crates and assisted by big business.

Spiritual symbolism had a role. When Yoshida signed the 1951 San Francisco peace treaty, the news was formally reported to the Sun Goddess. As keepers of ritual, the Koide family's future was safe.

In his Imperial Household Agency office, Koide showed me an organisation chart. "I'm not here," he said smiling. Under the separation of church and state mandated by the constitution, ritualists were removed from the official imperial house ledger but they remained on the palace grounds.

Koide is paid directly (rather poorly, it is said) out of the Emperor's family "salary" of \$2.5m.

Koide seemed at ease with his lot. On the day we met, he was more concerned by the high turnover of unmarried priestesses who serve the shrines and the inconvenient timing of their menstrual cycles - strict "purity" codes govern when they can work.

But most salaried courtiers seem uncomfortable when discussing the role of the chief ritualist. Following employment patterns established before the war many are seconded to the palace from government ministries, usually for two- to three-year stints. They have little intimate knowledge of the throne and often seem indifferent to its future.

I asked one courtier why Koide continued to send *chokushi*, or imperial messengers, to Yasukuni for spring and autumn festivals when this shrine has become so controversial the Emperor no longer visits it.

The war criminal Hideki Tojo was enshrined at Yasukuni in 1978 and visits by Japanese politicians are immediately condemned by the country's neighbours. The courtier's reply was one often used at the Imperial Household Agency: "Tradition."

When "tradition" is intoned by imperial bureaucrats, they do not necessarily

mean preserving a long-standing custom; more often it is an excuse to preserve the status quo. "We are not in the habit of changing things," a courtier once told me. "We have a 2,000 year history." However, Yasukuni was not built until 1869 - and Emperor Akihito had a more cosmopolitan upbringing than tradition should have allowed him.

Educated by a Philadelphia Quaker and married to a commoner, Akihito speaks in ordinary Japanese, rather than the court language preferred by his father. After the 1995 Kobe earthquake, he knelt to comfort victims, something Hirohito would never have done.

Courtiers who work closely with him are pragmatic; his right-hand man is Makoto Watanabe, grand chamberlain, an English-speaking, straight-talking diplomat. He told me his heart sank after returning from a trip with the Emperor to Brazil and Argentina last summer; the easy warmth of Latin America made Japanese society seem all the more grey and stilted.

Akihito has positioned himself as an internationalist, spending much of his time making foreign visits and receiving heads of state. But he is Emperor, not diplomat. For his accession, he commanded with the Sun Goddess and his worshipping at Koide's shrines is personally important and, professionally, an obligation.

The Emperor has not made public his personal views, believed to be liberal, on the role of religion and ritual in Japan, and his silence reflects the faults of the country's consensual style and the post-war mistrust of strong leaders.

Emperor Akihito defers to the Imperial Household Agency, which is rife with factions and, on big topics, itself defers to the Japanese cabinet. Anybody who has watched with dismay the mismanagement of Japan's economic crisis has an insight into the tangle of

vested interests that cripple debate and decisions.

There is another problem. Healthy institutions come to terms with their past. Japan's palace has yet to do this. "Emperor Showa (Hirohito) should have resigned," Nagahide Kuroda, a relative of Koide, told me. Kuroda's father was a palace chamberlain and he is director of a club for former aristocrats. "He should have stepped down 10 years after the war ended. By this time, the economy had started to grow again. The nation was

politically stable. Because he didn't, the question of war guilt is endlessly debated." Shortly after Hirohito's death in 1989, the palace recruited nine scholars to spend 15 years compiling a biography of Hirohito. For the palace, it was an ideal time to come clean. But the Imperial Household Agency decided to keep details of the project secret and allocated a paltry budget that slowed the progress of the work.

"Palace officials realise that if they do publish the work there will be endless criticism from left- and right-wing groups about its account of Hirohito's war role," explained one historian, who quit the project in protest.

And so Emperor Akihito comes to Britain, where he will surely seek the counsel of the Queen on how to sort out an imperial family whose public profile is in decline, whose retinue is at odds with itself, whose social role is a matter of dispute and whose image is badly in need of the skills of the makeover man.

Plate XX111



Japanese Emperor Chrysanthemum
(*Chrysanthemum Japonicus Imperatorius*)

114

Plate XX1V



Royal English Rose
(*Rosa Britannica Regalis*)

115

Rites of passage

Japan is once again looking west for ideas on modernising its monarchy, writes Gale Eisenstodt

Much palace ritual surrounding the Emperor seems old but is of fairly recent creation

parliamentary appropriations, now around \$200m a year.

But there are striking continuities from pre-war times. Emperor Hirohito (Akihito's father) famously renounced his divinity, but refused to deny descent from the gods. General Douglas MacArthur, the chief US official in Japan after the war, turned a blind eye to this, and much else, because he felt the imperial system would be useful for implementing his democratic ambitions and help thwart the rise of communism.

Meanwhile, the canny Shigeru Yoshida, prime minister during much of the occupation, sought to preserve what he regarded as the positive aspects of Japan's pre-war system. With US authorities increasingly distracted by events elsewhere, he set about building a democracy presided over by elite bureau-

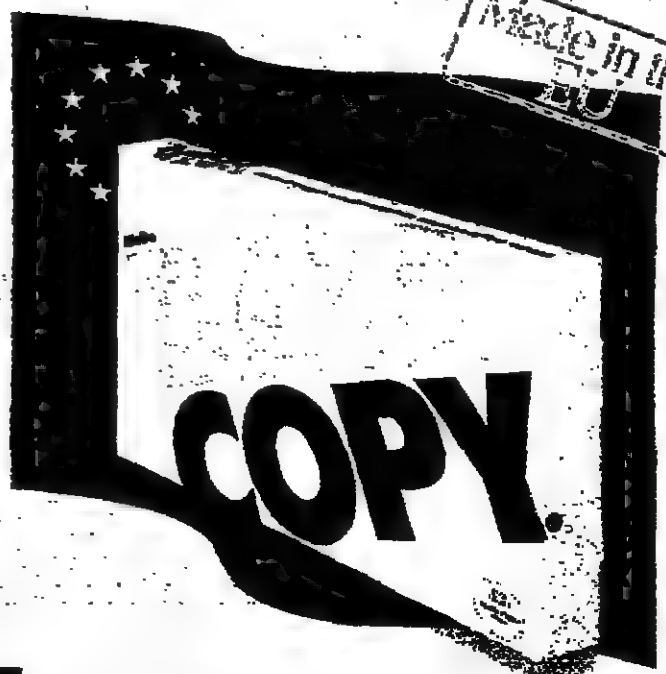
Joe Rogaly
Revolutionary Ideas
'Does anti-discrimination legislation impede the market economy?'
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NEXT WEEK
Travel extra
'A walk in Venice, a cruise around the Med... and a few rounds of golf'
In FT Weekend



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PERSPECTIVES

The Nature of Things

How we learned to love prodigies

Does genius spring from nature or nurture?
Victoria Griffith reviews the latest findings

An episode of the popular *Leave it to Beaver* television series in the US in the early 1960s reveals the discomfort felt then with the intellectually gifted.

In the show, Beaver's best scores are switched with those of another student, and everyone mistakenly believes he is a genius. His teachers urge him to transfer to a special school; his parents wonder if he will have a normal life. In the end, Beaver and his family are relieved to discover it is all just a misunderstanding.

Fast forward a few decades to the recent Oscar-winning film *Good Will Hunting*, and it is clear that attitudes have changed. Sure, the genius hero of the movie has a few deep psychological problems, but in the end he gets the girl, a great job and a life-style his friends can only envy.

"There was once a prejudice against the gifted," says David Elkind, a professor of child development at Tufts University in Massachusetts. "Now people see it as a way to get what you want in life."

The shift in attitudes means parents now want genius offspring, and they are going to ever greater lengths to achieve that goal.

Those who believe genius is inherited are turning to special sperm banks that accept donations only from the intellectually qualified. The Repository for Germinal Choice is nicknamed the "Nobel Sperm Bank" because of its preference for Nobel prize-winning donors - is doing booming business.

For those who fall on the nurture side of the debate, there are special toys and lessons that promise to boost intelligence quotients. Baby stores sell special recorders for pregnant mothers to attach to their bellies so their fetuses can listen to Tolstoy novels.

Ambitious parents are

employing tutors to teach their three-year-olds to read. There is even a new line of computers for the under-two set, called "lapware", because the target users must be held by a parent.

According to child experts and those who study genius, many myths about the intellectually gifted have little to do with reality. A great deal of scientific progress has been made in recent decades in understanding genius, although the issue is often complicated by conflicting definitions over the term.

Many child experts say we are all gifted in some way - meaning everyone, and therefore no one, is a genius. Others restrict the category to the elite group of people who actually change the course of history - Darwin.

Parents want genius offspring, and are going to ever greater lengths to achieve that goal

Goethe and Einstein, for example.

The standard definition of genius is anyone with an IQ of 150 or more - less than one in 1,000 people. The concept has been heavily criticised. Since such tests measure logical reasoning rather than creativity, artists and performers whom many of us would consider geniuses - Picasso and Beethoven come to mind - may not have had high IQs. Still, the above 150 standard has the advantage of making intelligence measurable, and therefore subject to research.

By the standard definition, being a genius is very desirable. A study initiated in

1921 by Lewis Terman and continued today by other researchers shows that people with very high IQs tend to live and stay married longer, have fewer health problems and earn more than the rest of the population. Restrict the concept of genius to people such as Einstein and Shakespeare, and the incidence of depression seems to rise. "Even then, there is no evidence of mental disturbance in childhood," says Howard Gardner, a Harvard professor and leading expert on genius.

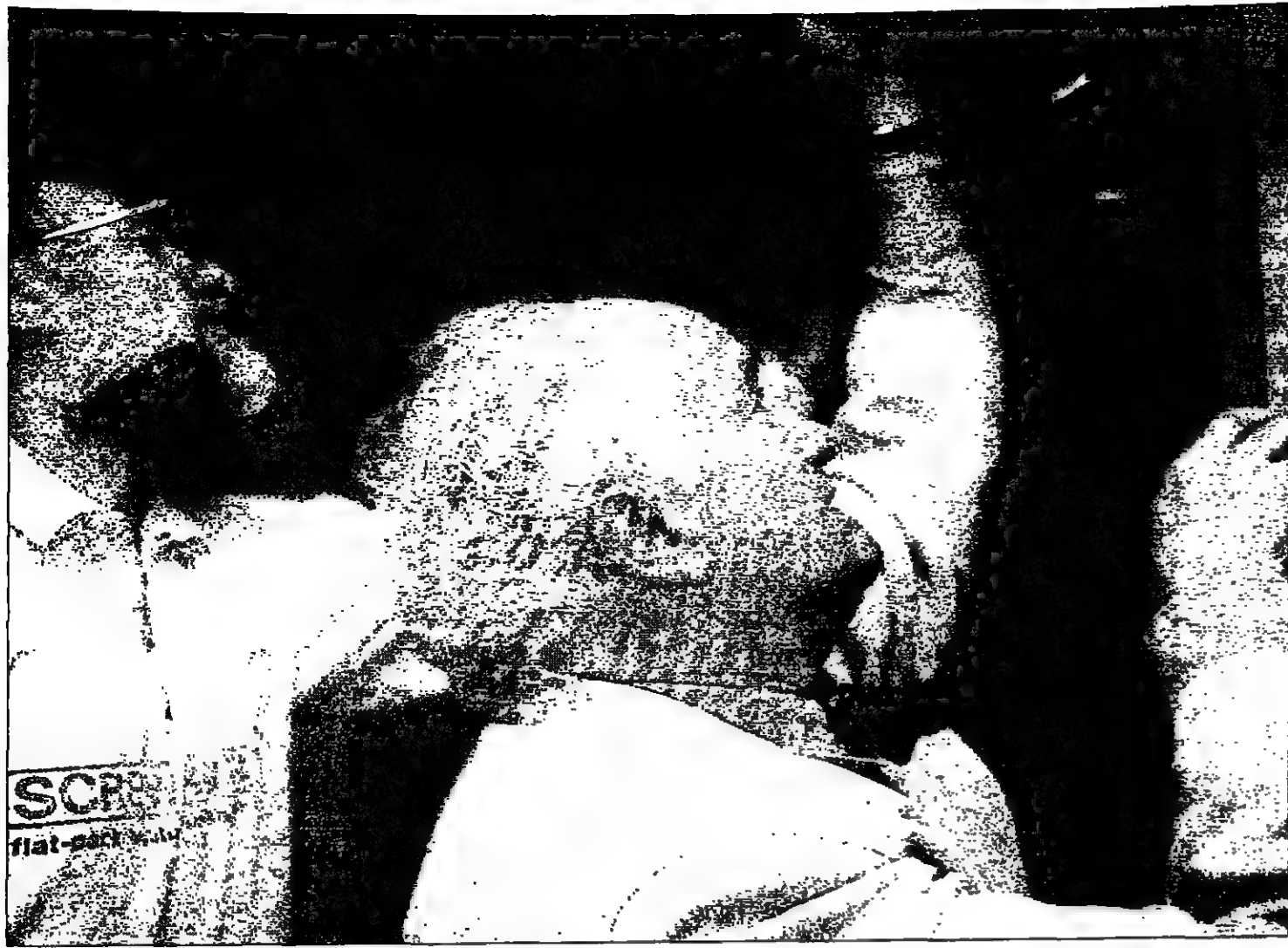
In light of the research, it seems natural that parents should want their children to have high IQs. That leads to another question. Can geniuses be created? Yes and no, say experts. Genetic disposition probably plays an important part. According to a 1995 study, the children of the Nobel Sperm Bank boast significantly higher intellectual ability than the rest of the population.

While heredity is key, it is unlikely that genius can exist in a vacuum. Research by author Ellen Winner showed that parents of the intellectually superior tend to be unusually supportive, providing emotional comfort as well as intellectual stimulation. And the idea that a genius can survive a traumatic childhood (as in *Good Will Hunting*) to become an all-round prodigy is silly, say experts. "I can accept that there could exist a diamond in the rough in a single discipline, like maths or music," says Gardner. "But no one can be a genius in all academic disciplines, much less if they lacked the right environmental input."

Yet experts sound a note of caution to parents pushing their children to early learning. No amount of encouragement will turn an average child into a genius. "While environmental stimulation may raise IQs 20 points or so, you're not going to get from 100 to 150 no matter what you do," says David Feldman, an expert on genius with Tufts University.

In fact, added pressure may lead children to turn their backs on learning altogether. "If you push a child beyond his or her capacity, the result is likely to be a poor self-image and a failure cycle," says renowned paediatrician T. Berry Brazelton. Only one in 100 children in the US learns to read before the age of five. Most simply do not have the capacity for abstract reasoning that is necessary to accomplish the task.

The best advice, say experts, is to stimulate children to perform academically only as long as they seem to be having fun. Teaching a three-year-old to read is not necessarily harmful, if the pre-schooler is up to the task and enjoys it. "But once they start to see it as a chore, you've lost them," says Feldman. "Then even a genius may grow up to be an underperformer."



Jack Bock (right) looked for DIY fanatics who view flatpack furniture as a doodle

Minding Your Own Business

Getting it all together

Jack Bock saves relationships by assembling furniture, says Grania Langdon-Down

Faced with a flat-pack of furniture, even the most hardened do-it-yourselfer sometimes falters at the sight of badly translated instructions and poorly drawn diagrams.

As tappers start to fray, Jack Bock can offer a soothing antidote - within 48 hours he will send a handyman or woman who will assemble the pile of apparently unrelated bits and pieces. In the process, he claims, he often saves relationships.

If there are any of those irritating jobs that need to be done - the roller blind still in its pack, the unhung picture, the broken hinge - they will be fixed as well as part of the new Handyman Service Bock is developing alongside the assembly business.

Bock says: "The majority of people who call us for help are women. The men tend to stay mumbling in the background, conscious they may seem inept. There can be a lot of conflict involved in assembling furniture, whether it is a wardrobe, a children's climbing frame or a table tennis table - and we restore domestic harmony."

He started the Screwdriver business in his west London home in November 1995 but it took seven months to put together a network of more than 100 individual Screwdrivers - mainly retired professionals - around the country to offer a viable assembly service. To find his

him on a freelance basis, Bock advertised in the national and local press, receiving 2,000 replies. By the end of 1996, he plans to have 300 to 400 assemblers on his books. The service is already truly national with some coverage in Scotland.

"I look for mad DIY fanatics who view flatpack furniture as a doodle. Most of those I have taken on are 55-plus and retired - former bank managers, civil servants, company executives, architects, policemen, firemen. I also have five female Screwdrivers."

"We are totally reliant on having responsible people so I have gone for this age group as they are of the old school where responsibility, pride in your work, is paramount. We ring back after a job has been done to check the customer is satisfied. One mistake, one complaint and that assembler is out."

Despite his own antipathy to DIY, Bock knows how long it takes to assemble each item. He goes out on jobs - "just to make sure no one can pull a fast one about how long it takes to put something together". Bock, 57, says Screwdriver is proving great fun. He had spent 30 years in the clothing trade - learning some hard lessons when one of his companies, which manufactured leather clothes, went bust in 1970 - before taking a 13-year "sabbatical" with his wife Lena in West Cork in Ireland.

"It was a glorious time. My son was born there. I sold Irish peat to the Scandinavians, designed garden furni-

ture and created a new brine for ham. But I didn't make any money and we came back to London in January 1994."

He spent that year researching ideas for a new business which would not involve a large capital outlay or extended credit terms and which provided a service rather than a product.

By then separated from his wife, he bought a small terraced house near Kew

'The men tend to stay mumbling in the background, conscious they may seem inept'

Bridge in west London and set up an office in a back bedroom. "I hate DIY. So when I got the flatpaks of shelves and tables home I called in someone to assemble them for me. And I realised there must be so many people like me who cannot get it together, who aren't looking to start a new hobby but just to get that piece of furniture up and finished with."

He spent three months researching the market in self-assembly. In the autumn of 1995, he approached the John Lewis Partnership with his idea of offering an assembly service. But he only had

30 people organised around the country as assemblers, mostly in the south-east. "I spoke to one of the store's furniture buyers who said it was a grand idea but questioned whether I had enough people to provide a quick response."

But by June 1996, his network of Screwdrivers had grown to more than 100 and he started building up his contacts with the big retail stores. John Lewis, Habitat, House of Fraser, Ikea, Courts, Furniture Village, the Co-op's Living and Homeworld stores and Selfridges now recommend his service to customers.

"We do between 75 and 100 jobs a week at an average price of \$80, including VAT, with a minimum charge of \$28," explains Bock, who operates as a sole trader. "When a customer rings up, we can give an immediate price for the job as we have the time it takes to assemble every piece of furniture retailed in this country - 4,000 in all - on our database. We have an insurance policy for all our assemblers so the customer can be confident any damage will be covered."

The three-strong administrative team then matches the jobs with the nearest available Screwdriver. "We are bursting out of here - I am looking at taking on an office somewhere along the river," he said.

Turnover has risen steadily. He achieved \$80,588 sales from June 1996 to March 1997, with a trading profit of \$20,000. The biggest overhead is the cost of the

assemblers, who receive about \$10 an hour, representing about 42 per cent of turnover.

In the last financial year, turnover reached nearly \$140,000. The target for April to March 1998 is \$192,000. Net profit is running at between 15 and 20 per cent and Bock pays himself a salary of \$20,000 a year.

The business is proving just what he wanted. "It is cash-rich. We get paid on completion of the job so there is no credit and we pay the assembler the following week." But he is impatient. "It is frustrating. I know this business could be growing 10-fold. But it is all about credibility; about the general public feeling confident they can trust us. At the moment, the returns from advertising don't warrant the expense. The best recommendation for us is from stores to their customers."

His aim is to develop the business to a point where it has a turnover of more than \$1m so that he could then sell it in about five years.

In the meantime, he is looking over his shoulder to see if any competition springs up - "we need a bit to keep us sharp". There are similar businesses on mainland Europe and he is going to France, Germany and Scandinavia to see if he can learn from their experiences.

His key to success, he maintains, is: "Make sure you are fulfilling a need - don't try to create one."

■ *Screwdriver, 15 Geraldine Road, Strand-on-the-Green, London W4 3PA. Tel 0181-994 2890; fax 0181-747 3950.*

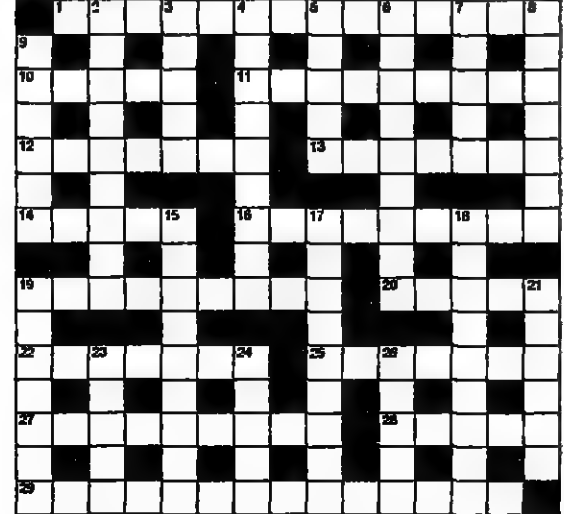


Some whom many would consider a genius - such as Picasso - may not have high IQs. Self-portrait, 1905, Picasso © Succession Picasso/ADAGP 1998

CROSSWORD

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The prize of a matching set of finely engraved personalised notepaper, envelopes and correspondence cards on Ecu Kid Finit Paper from Crane & Co will be awarded for the first three correct solutions opened. Solutions by Wednesday May 13, marked Crossword 9,671 on the envelope, to the Financial Times, Number One Southwark Bridge, London SE1 9HU. Solution on Saturday May 16.



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SINCE 1901

- ACROSS
- English painters separately put in bleach after three quarters of a pound of a French dish (6,8)
 - Ex gratia rating for rich headgear (5)
 - One tax is entered before government has to sell (9)
 - Locally prevalent rodents come tail first, tail first (7)
 - Rodent (revolutionary model) shows what comes up doesn't come down (7)
 - Games freak? (5)
 - Gypsum in the style of a cook pouring fat (9)
 - Produced as a result of great need (9)
 - Boy's name for herb (5)
 - Golden number, not for soft fruit grower (7)
 - Remove piece of old pamphlet (7)
 - Big jet, starting, implores starter for engine (4,5)
 - Stars I found in Marx (5)
 - Doyle entertained by evil person: good point - the dish is English (5,5,3,3)

Solution 9,670

SECRETARY WAINSCOT
CANNON GOALS
HARDY BUCKINGHAM
O'DONNAN
LOTTIERES JOUR
ROADS DEPRESSION
TAMM
ADAPTED BOOBY
CANNON GOALS
HARDY BUCKINGHAM
O'DONNAN
LOTTIERES JOUR
ROADS DEPRESSION
TAMM
ADAPTED BOOBY

- DOWN
- Turn to god with theologian to have fluctuating style (2,4)
 - One that won't talk about one to say it's one's (5)
 - Hopeful or leaving what makes one cough up (9)
 - % work is stocking twigs (5)
 - Severely criticize essayist for going with Rosemary? (5,4)
 - National flag over hospital (5)
 - Creole worried about short time he has to choose (7)
 - Underline tension (6)
 - Sailor boy at home with waterproofing (9)
 - Deck in a river? He should get the post (9)
 - Conductor for opera repeated to reverse (9)
 - Well-paid post? Just as well too (4,3)
 - Up to date news on Californian trial (6)
 - Not all sung, which is funny (9)
 - Picture as haggard? (5)
 - The way a nasal guitar initially sounds? (5)

Solution 9,659

SECRETARY WAINSCOT
CANNON GOALS
HARDY BUCKINGHAM
O'DONNAN
LOTTIERES JOUR
ROADS DEPRESSION
TAMM
ADAPTED BOOBY
CANNON GOALS
HARDY BUCKINGHAM
O'DONNAN
LOTTIERES JOUR
ROADS DEPRESSION
TAMM
ADAPTED BOOBY

To make his ambitious contract, the declarer was required to imagine the distribution of the entire deal. Thankfully, his opponents' vigorous competition provided the wherewithal.

N
♠ J 10 4
♥ A 9 8
♦ A K 8 3
♣ 10 6 4

W
♠ Q 9 7 6
♥ Q 7 6 3
♦ Q 5
♣ A J 9

E
♠ 3
♥ J 10
♦ K 9 7 6 2
♣ K Q 8 7 5

S
♠ A K 8 5 2
♥ K 5 4 2
♦ 10 4
♣ 3 2

North East South West
1NT NB 2C NB
2D NB 2S NB
NB 2NT DBL 3C
NB NB SS

Once North-South had both limited their hands, East decided to bustle them a little by using an Unusual NT overall. South's double showed a good hand, and West's 3C bid showed a clear preference for clubs over diamonds - with equal length in both minor suits, he could just pass and allow his partner to choose. South felt that the hand belonged to his

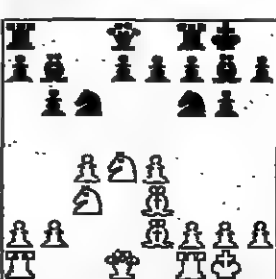
side and so competed to 3S, hoping that North held at least 3-card spade support.

West led ♠A9, and declarer ruffed the third round. Realising that, with East likely to be 5-5 in the minors, nothing would break well, declarer planned, not only to ruff a heart in dummy, but to endplay West in the trump suit. Using his knowledge of the distribution from the auction, he cashed AA, and led 2♥ to dummy's A♥. He then led a small heart from dummy towards his K♥ so that, if East ruffed, he could play a low card from hand. When East followed with J♥, declarer ducked. East switched to 6♣, which was won in dummy with A♣. Knowing that, if East was 5-5 in the minors as expected, he now held no more major suit cards, declarer led his last heart from dummy to his K♥, and then ruffed his fourth heart with dummy's 10♠.

Finally, he cashed K♠, and then led J♠, playing small from hand. West won with his Q♠, but was forced to concede the last two tricks, having to lead away from his 4♥ into the jaws of declarer's ♠K8.

Paul Mendelson

The best traps occur when the trapper can be portrayed to the opponent as a chess country bumpkin. Consider, for example, this diagram which has occurred in several games after nine moves on each side.



Many experts would view Black's strategy as simplistic. The double fianchetto of both bishops at b7 and g7, with the central pawns unmoved, has allowed White to set up the well-regarded "Maroczy bind" where pawns at c4 and e4 clamp the centre, enabling the knights and bishops to develop easily.

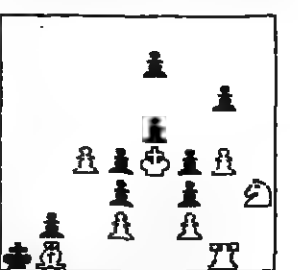
But what should White do next? A waiting move like Kh1 or f3 is possible, but then Black might thrust in the centre by e5 and d5. Qc2 could invite a tactic exploiting the underguarded d4 knight.

By elimination, several Whites have chosen 10 Qd2 falling for Nxd4 11 Bxd4 e5! 12 Bxe5 Nxe4 13 Nxe4 Bxe5 when Black has an excellent two-bishop position.

So in the game Korzhev v Bellon, Spain 1997, the 3565-rated white grandmaster chose 10 Re1? and was shocked by Nxd4 11 Bxd4 Bb6! (not Nxe4! 12 Nxe4 Bxd4 13 Bxg7 Exg7 14 Qd4+) 12 f4 Nxe4 and Black won with his extra pawn 20 moves later.

The most galling discovery for White was that Bellon had pulled off the identical trap against two other GMs long ago, against Smejkal in 1972 and Zeshkovsky in 1976.

No 1259



White mates in six moves, using only one piece.
Solution, Back Page

Leonard Barden

PERSPECTIVES



Joe Rogaly

Let this mark the high tide for feminism

We need to be discriminating about the waves of anti-discrimination laws – they risk becoming anti-market

Every revolution goes too far. The women's movement, possibly the most significant social phenomenon of the past 150 years, is no exception. It may not be over the top just yet, but for sure it is on its way.

What we, men and women alike, need to ponder is whether the female half of humanity is ready to consolidate its gains, declare victory, enjoy the spoils, cease campaigning.

The argument that militant feminism may be overreaching itself is becoming familiar. Britain has a Queen, a long-retired Lady prime minister, 121 she-members of parliament, a slew of successful Ms-members of the board, real girl power in most walks of life, including the tin-hatted young miss driving a dump truck on the construction

site of the Newbury bypass. We have yet to see a Madam President of the United States, but few can doubt that her day will come. The status of women in America has been enhanced by the achievements of outstanding individuals and the determined efforts of sisterhood organisations. Discriminate on gender grounds at your peril, as the National Basketball Association may be ready to attest after a woman denied a job as referee was awarded \$7.65m by a federal jury.

Discrimination descends at this point. We are not foolhardy. We are not about to get into an argument with the NBA or anyone tough enough to qualify as one of its refs. Short, fat, bald guys have to take care. But as a general point – nothing to do with basketball, you understand – we

feel we have to ask whether anti-discrimination legislation impedes the workings of the market economy.

According to David Conway, it does. Professor Conway is the author of *Free-Market Feminism*, published this week by Britain's Institute of Economic Affairs. His rationale is simply put. When laws prevent employers from establishing single-sex companies they reduce the job opportunities for women who are as likely to benefit from one-gender concerns as men.

This is the sort of proposition you would expect from a think-tank whose guiding principle is the beneficial effect of the market. Professor Conway's essay, originally commissioned by the *Liberal Institute* (Liberty Institute) in Bonn, sits comfortably within IEA covers. "...practi-

cally all the different varieties of contemporary feminism", he writes, "are anti-capitalist in tone and intent".

If you ask me, they have been remarkably successful. Apart from anti-discrimination laws, the main "anti-market" measures in force in many countries are affirmative action, equal pay for work deemed to be of equal value, and taxpayer-financed child care. "None of these... is necessary or effective as a means of achieving equal opportunity, and each is positively detrimental to the interests of women," asserts our professor.

Four women referees, three of them professors, join the debate. Two are broadly supportive of the Conway essay's purist economics, the other two strongly disagree. The game is given away by one of his supporters.

Christina Hoff Sommers, Professor Sommers, a Fellow of the American Enterprise Institute, applauds the arguments against positive discrimination, comparable worth and state-subsidised day care, but hesitates there.

Follow her reasoning. Take jobs that require heavy lifting. Some women defy the stereotype and can do such work, but a rational employer cannot tell whether a particular applicant has the necessary abilities. "In the absence of all laws prohibiting discrimination on the basis of sex," she writes, "we may expect employers to go with the odds, hiring men exclusively."

There you have it. There is still a case for anti-discrimination law. Alas, it is not obvious to most liberal economists. They should reclassify such laws as part of the first wave of the

women's revolution, the one whose effects most westerners now applaud. That breaker removed, after much effort, laws that made wives chattels of their husbands. Other elements of sex equality followed, including universal suffrage and the education of girls.

You might say that such advances are neutral as to the market. They simply and justifiably take the gender out of citizenship. Fine. Anti-discrimination is not so very different in kind. It merely corrects a market imperfection.

So far, so reasonable. Affirmative action might be defended on similar grounds. Without Labour's all-women candidate selection rules there would be far fewer female members of the British parliament. The same mechanism is still required in

many hidebound institutions, not least the judiciary.

Calculating whether a particular job is worth this or that wage is part of a different agenda. Women as a whole still take relatively low-paying work. The market should make the adjustments we all desire, at least in the medium term. As to subsidised child care, its purpose is as much social as economic.

We have to face it. These two latter items may liberate women but they run counter to the principles of liberal market economics. Not all feminists espouse equal worth and cut-price child-minding but those who do have the winds in their favour. They may win the argument but what next? We have seen the final wave, have we not?

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Lunch with the FT

Promoted from the law to the lore

Peter Leaver, English soccer's chief executive, holds up an end with Nicholas Lander

The social acceptability of soccer is about to be put to the ultimate test. Football has been eulogised, intellectualised, relentlessly commercialised and even feminised. The players are poets and thinkers, sensitive new men who have left behind the flying tackles of yobishness and wear a suit to work on match day.

As a marketable image, it certainly beats that of exhorting thugs.

Then along comes the World Cup, when the players and their new, improved personalities – as well as those of the fans, now as lauded as the participants on the pitch for their passion and dedication – have to perform.

And the sport has to perform for its backers, among them the sports shoe companies which have virtually contracted entire countries to wear their size 9s, and the influential American brewer whose background is in the three-strikes-and-you're-out shugging on the baseball diamond. If these patrons are unhappy with the performance, the footballer as renaissance artist is dead.

Presiding over the English football industry is Peter Leaver QC, whose formal title is chief executive of Premier League, representing the top 20 clubs. His is a big business. The images of its stars, the famous teams and recognisable players, are plastered around Beijing sports goods stores. Alan Shearer, ruthless goal scorer and, apparently, all-round nice guy, has more fans in the north of China than he does in the north of England.

On the steps of the Hotel de Paris in Monaco, Leaver looked down on an unsightly scene he fears could be repeated throughout France next month. While four chic women were easing their way into a Mercedes near the casino, the cafes and pavements were crowded with scores of chanting British football supporters trying to get tickets for a game that evening. To their left stood 20 armed policemen.

The World Cup is in a mess long before kick-off. Ticket allocation is the stuff of outraged editorialists in London, and scintillant nationalism, only a few steps away from devoted support of the national team, is already in play. Having settled at the table in Alain Ducasse's Côte d'Azur restaurant, Leaver is fretting about logistics.

"British supporters and press are angry at their small ticket allocation, but this is not just a British problem. Fifa [the sport's

international body] and the French FA [the national body] decided to distribute the tickets last summer although the final 32 teams were not known until late November.

"They then followed the same policy they had used at the 1994 World Cup in the US, distributing 90 per cent of the tickets to local fans. It worked well there because no fan would think of flying off to the US without a ticket. It's just too far and this system will work well for the 2002 World Cup in Japan and Korea for the same reason."

"But France is different. All its neighbouring countries, with the exception of Switzerland, have qualified and the country boasts one of the best autoroute systems in the world. Getting to the grounds could not be easier."

"My counterpart at the Belgian Football League phoned me last week. He is very concerned because Belgium's opening game is only 100 miles from the border."

'Back in Inner Temple, all the judges want to talk about is football'

How can he stop his fans travelling without tickets?

Leaver's eyes widened the menu and wine list, but his dogged barristerial pursuit of the point continued: "What makes the situation worse is that most French people are just not interested in football. Monaco's stadium holds 20,000 but the average attendance is only 6,000."

Leaver wondered why the white wine vintages were not listed before ordering a bottle of R de Ruinart champagne and a half bottle of claret, a Château Lacoste Borie 1994. What had prompted a respected QC, a specialist in the lucrative field of commercial law, and a man with a penchant for good food and a wine cellar of repute, to take the brief of England's top 20 football clubs?

"I have followed football all my life," he confessed. "When I was 18, I spent a year football coaching in the Philippines and I remember in the first restaurant I was taken to in Manila there was a sign by the door saying 'Please leave your guns at reception'. I have refereed amateur football for



Peter Leaver: "What makes the World Cup seat allocation situation worse is that most French people are just not interested in football"

years... like many people, I simply love the game."

The arrival of a glistening seafood risotto prompted Leaver to expand on his defence of the career change.

"They say that there are only so many cases inside you and, at 53, like many in my position I had reached the point where the only other option was to wait and hope to be asked to become a judge. Instead, I was asked by the vice-chairman of Arsenal whether I would be interested in this job, so I applied. After I was appointed, I heard several other QCs had also applied, and now, when I go back to the Inner Temple, all the judges want to talk about is football."

Judges as character witnesses for football? But is it anything more than another group of well-educated men feeling confident enough to talk endlessly and openly about boyish pursuits?

The if-only-he-hadn't-missed-that-second-half-header conversations have been rendered more acceptable by tales of the off-the-field sophistication of football personalities. Alex Ferguson CBE, manager of the merchandising and footballing machine Manchester United, is currently laying down 1990, 1995 and 1996 clarets, and Gordon Ramsay, a former player with Glasgow Rangers, is now a two-star Michelin chef at London's Aubergine restaurant.

"There is no doubt today that football has become the yuppies' sport. Rugby and cricket seem to have lost that following."

"Look at Newcastle, for example, where they run both a professional football and rugby club. The football side gets 40,000 fans a week and the rugby side a mere 6,000, although they are both good teams. As a result, Premier League clubs have become huge content providers for the telecommunications

and newspaper industries."

Leaver paused in admiration as a dish of stockfish (dried and salted cod) in a rich tomato fondue was placed before him: "The British Premier League is the best in the world off the pitch. We are way ahead of the other European leagues in three aspects: the sophistication of our merchandising, the safety of the grounds since the Taylor report and the scale of our television contracts."

"Every week I get calls from the other national league secretaries who want advice on how they can replicate what has been done here."

Over the past year, I have appointed a commercial director and an intellectual property director to maximise our assets. And shortly, we will be signing a deal worth more than £100m with Canal Plus [French television channel] and IMG [international sports management company] for the

rights to the games overseas and on the airlines."

But surely, I asked, aren't footballers' salaries high enough, and isn't the problem that there is too much money in British football today?

"I entirely agree and I have to admit that the most pertinent definition of money in football came from Alan Sugar, the chairman of Tottenham Hotspur, when he said that it was just like grape juice. Chairmen pour it in at the top and it passes

right through the system and comes out at the bottom in the players' hands. This has got to change."

Over cheese and the last of the red wine, Leaver had a distinct lack of enthusiasm for either the introduction of professional referees or for a European super league. He believes, however, that television coverage, terrestrial, satellite or, eventually, pay-per-view channels, will proliferate as the public's only inexpensive way of watching the game.

"There is a structural problem with pricing tickets now. The supporters want to see the top foreign stars; they will only come for the highest wages; and these will inhibit keeping seat prices at a reasonable level."

Leaver positively preens himself as he recalls just how good a life football has delivered him over the past year. "The high point so far was last October when I watched Aston Villa in Bordeaux on the Tuesday night and tasted Château Margaux the next morning. My ideal is a double-header in Milan: opera at La Scala on the Saturday night, football at the San Siro stadium on the Sunday."

But he is only too aware that much will depend on the mental agility he can bring to the job. "I was self-employed for 30 years at the Bar and it is a great shock in your mid-50s to change that and become an employee, part of a large organisation. I grew up with my colleagues at the Bar and I miss them. And however fit I feel, I do realise that football is a young man's game."

Pointedly perhaps, having downed his espresso, Leaver studiously ignored the *petits fours* and chocolate trifles. He then committed the only foul of the match by asking for the bill. I warned him as firmly as any referee that this was lunch with the FT.

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PERSPECTIVES

Unplanned stopover on the road to revolution

Paris in turmoil in May 1968 proved a defining moment in Václav Havel's politics, writes John Keane

May 1968 began with a delicious surprise for Václav Havel. He was flying from Prague to New York for the first time for the premiere of one of his plays, and there was a two-hour stopover at Charles de Gaulle airport in Paris. He had no visa and no intention of leaving the terminal. Suddenly, a "closed" sign appeared on the Air France desk and the lights began to go off. Even the immigration officials disappeared. The barriers between east and west Europe had collapsed and he walked through.

Over the next week, as a guest of Pavel Tigrid, editor of the most important Czech émigré literary journal, Havel breathed the spring air of Czech culture in exile and of Paris in a state of pre-revolutionary upheaval. Two thirds of the *l'opéra* were on strike and the Ecole Nationale des Beaux Arts and the Conservatoire National de Musique were occupied.

The Paris uprising against an unpopular government gave Havel his first taste of the west in a radical democratic mood: suspicious of unrepresentative power; sexually transgressive; politically rebellious. And he understood something of the long-term significance of *les événements de Mai*: the attack on soulless bureaucracy through the mockery of regulations and restrictions.

Back in Prague at the end of June, Havel was exhilarated but exhausted by his first foray to the west, and wanted to spend the rest of the summer in the countryside with new wife Olga. The previous year, he had bought a house and land in Hrádek, near the Polish border.

Havel was keen (perhaps to keep the authorities off his back) to hang the sign of modesty on his new purchase, which he described as a "cottage". But it was grander than that. Set in rolling wooded hills, the property included an orchard, and a large stand of century-old beech trees. The main house was flanked by a robust barn and sizeable stables. A multitude of well-wishers, friends and guests came from Prague, each one welcomed with a blast of the Bee Gees' hit song *Massachusetts*. Perhaps its sentimental talk of love, hitching a ride to San Francisco and coming home, convinced Havel to use it as an anthem for the summer retreat.

But he was not to get the rest he sought from official politics and literary politicking. Sharing the widespread hope that the Czechoslovak Communist party

under Alexander Dubček would show a human face, he found it impossible not to be moved by the political thunderstorms that became spectacular media events.

Rumbles could be heard from beyond Czechoslovakia's borders, too. The nightly broadcasts of Radio Free Europe and the BBC World Service, brought news of the vicious fighting in Vietnam, the assassination of Martin Luther King, the aftermath of *le joli Mai* in France, and stories from London, cast as a sensual, exotic playground, where artistic extremes were initiated and driven forward by an uneasy alliance of hippies, artists, students, rock musicians and political activists.

Stories of John Lennon living

'History... forged ahead and through me, guiding my activities'

In India, learning the art of transcendental meditation and composing the song *Revolution*. Bob Dylan. The Pope's public refusal of concessions to liberal opinion on birth control. The assassination of Senator Robert Kennedy.

And then there was Prague. The lush Prague spring and early summer of 1968 seemed to unfold naturally. Socialism with a human face, it was called, especially by Alexander Dubček and the Communists who had arrived, with no blood on their hands, at the top of the party hierarchy. Havel was enthusiastic about their achievements. At that year's May Day parade in Prague's Wenceslas Square he was there to witness the endless procession of people, flags and enthusiastic chants. "Of their own free will, for the first time!" read a banner.

Carnations, roses, tulips, sweet-smelling sprigs of lilac and lily of the valley were thrown at the rostrum," reported Rude Pravo newspaper the next day. "This is the spring of our new existence."

Havel had similar feelings. "Just think of it," he said later. "Suddenly you could breathe freely, people could associate freely, fear vanished, taboos were swept away, social conflicts could be openly named and described, a wide variety of interests could be expressed, the mass media once again began to do their proper job, civic self-confidence grew."



Yet Havel was not a Dubček man in any simple sense. From the time the latter had been elected first secretary of the party, Havel had been struck by the contradictions of his reforms and had "agonising doubts and hesitations" about the shaky entitlements of the non-communist majority of the population. The principle of political pluralism "was simply beyond the leadership's power to comprehend", and most of the Dubček group had not dared to deal with the Statists in the state security forces and the possibility of military intervention ordered by the Kremlin.

Above all, Havel worried about the schismatic reactions of the party leadership. Suddenly "the men of January" were enjoying spontaneous public support and sympathy, something none of them had experienced before. But popularity bred fear, and they began to feel engulfed by the rising tide of social expectations. Havel tried to guide Dubček during his only meeting with the leaders of the reforms. Early in July, he was invited to a drinks party at Hránský Palace, organised to bring the new leadership

'If freedom is denied to anyone in the world, it is, indirectly, denied to all'

lik, as well as First Secretary Dubček and Prime Minister Oldřich Černík.

After fortifying himself with cognac - this was, after all, the first time he had met government heads - Havel sidled up to Dubček. On a terrace bathed in mid-summer moonlight and the floodlit flag of the nearby US embassy the two men chatted unhurriedly

about the future of socialism.

Havel performed the old art of *ketman*: simulating adherence to a prevailing political doctrine which conflicted with much of what he believed to be true. Seated on a low wall, surrounded by a cluster of admirers, Dubček did most of the listening.

"I assure you Mr Secretary," the long-haired, denim-clad playwright assured him, "practically everybody who lives in this country supports socialism."

"Do you think so?" the diminutive Dubček replied. He seemed uncomfortable with the unfamiliar "Mr" and a smart new, silver suit chosen by his advisers. "Most certainly!" Havel continued. "Look at me, for example. My father was a millionaire, and some might therefore say that I would gain a lot from the restoration of capitalism. But believe me, Mr Secretary, I've never ever had such thoughts. I'm not interested in accumulating property. I'm a man of the theatre - and theatre, potentially at least, fares better under socialism."

The frowning first secretary's attention seemed to fix on the souvenir dangling around the playwright's neck - a brass peace

symbol on a leather chain acquired during the US trip two months earlier. "Are you really sure that socialism has such support?" he asked again, adding: "Perhaps it seems so to you because of your talents. You find full satisfaction in your work, and so do I. But not everyone can or does. You and I believe in socialism. The fundamental question is whether others do as well. Even those who have no artistic talent."

Havel grew more emphatic. "An absolute majority believes!" he said. "Socialism is the epitome of the constants of the modern world."

A short-skirted waitress, who would not have looked amiss in London's Carnaby Street, juggled drinks and snacks on a platter, cutting short the conversation. But, years later, Havel recalled being impressed by Dubček's capacity to listen and to ask questions.

tions with the Soviet Union.

There were clear signs of public opposition to the "leading role" of the party - the jargon for absolute power. Czechoslovak newspapers, radio and television were spreading reports "both incorrect and outside party control". A surge of the security forces was being carried out secretly, and Soviet military commanders were uneasy about similar reforms in the Czechoslovak army.

The July manoeuvres of Warsaw Pact armies on Czech soil provided an opportunity for Moscow. The exercises were designed to put pressure on Dubček, even to accustom the population to foreign occupation. The victim was drawn into the trap at talks at a railwayman's clubhouse in an Slovak border village, where the Soviet delegates arrived on July 29 in an armoured train.

Brezhnev opened with an abusive four-hour monologue, in which he issued sour denunciations of various "counter-revolutionaries". Alekssei Kosygin, the Soviet prime minister, who had earlier granted that "if we wanted to, we could occupy your entire country in the course of 24 hours", grumbled one of the Czech delegates about his Jewishness.

They could have arrested Dub-

'A state based on ideas should be... a guarantee of freedom and security'

ček and his team at any time, but the Soviet leaders bided their time, carefully preparing the details and assessing the risks of intervention. Hours after the Czechoslovak leadership published statutes guaranteeing such principles as the separation of state and party power, the protection of minority opinions and limited tenure, the decision to invade was taken.

Havel at the time was visiting friends in the northern Bohemian town of Liberec. During the night of August 20, he was awakened by the steady noise of low-flying aircraft. Lights went on in the town and the telephone started ringing.

He was told that unmarked trucks, loaded with soldiers, tanks and armoured cars were pouring across the border from the German Democratic Republic. One caller described a tank column wending its way through the streets of Prague, guided by a Soviet embassy car. Another rang to tell of the occupation of Prague airport, where Antonov transport aircraft were landing at 80-second intervals.

At 4.30 am on August 21, Havel heard Radio Prague confirm the invasion and call upon citizens not to resist. As the Czechs say, the truth had prevailed, but this time in the cruellest way. Five Communist countries, with 25 divisions, 7,500 tanks and 1,000 aircraft, had begun the invasion of a sixth Communist country in the name of "international proletarian solidarity".

But a page of history had been turned. The Soviet empire was fated to suffer terminal decline, and the word socialism was an route to discredit. And while Havel's career as a world-class playwright would collapse, he was freed him to move into political life, equipped with a new vision of Europe's place in the world and of his own place in it.

© John Keane's biography of Václav Havel will be published by Bloomsbury early next year

Andorra's smoke ring

Spain aims to smother an ancient smuggling tradition. David White reports

At the customs shed straddling the road south from Andorra, about 60 assorted vehicles are gathering thick layers of dust. All have been impounded for one reason - cigarette-running.

More vehicles are held elsewhere. Parking lots at Guardia Civil barracks throughout this part of Spain are full of them, about 350 vehicles in all - vans with false floors, trucks with dummy fuel tanks, battered cars and expensive four-wheel drives intercepted on the precipitous mountain tracks which crisscross Spain's border with the tiny, land-locked Pyrenean state.

Tobacco smuggling - cigars in the old days - has been a tacitly accepted custom for more than two centuries and is part of the quirky identity of this Catalan-speaking territory squeezed between Spain and France. But spurred by complaints from the Britain and Ireland, which recently become the main markets for the contraband, the Spanish have been using military means to stifle the smugglers in recent months.

All too obviously their trade had got out of hand - no longer just a trickle into the Spanish market but an organised international racket. The Spanish say they will keep up the blockade until they are satisfied the

Andorrans have put a stop to it. The Guardia Civil, Spain's semi-military gendarmerie, has 90 men of its Rural Action Groups, a crack anti-terrorist unit trained for patrols in the Basque region, working on intensive 15-day rotes along the 65km of high frontier.

It's a cosmopolitan business. More than 500 people have been arrested. They are of 23 nationalities, including a handful of British and Irish citizens, says Lieutenant Colonel Luis Garrido, the Guardia Civil's provincial commander.

He reckons that more than 1,000 boxes a day, each with 50 cartons of 200 cigarettes, crossed to Spain last year. It is the main exit route, considered less risky than the French side. Range Rovers, sometimes with all seats except the driver's taken out, could carry 35 boxes per trip. This traffic has been stopped, he says. In the bigger court cases, vehicles are held pending verdicts. By that time, Spanish justice working as it does, they can be written off as wrecks. But people continue trying to make it on foot, strapping two of the 15-kilo boxes on their backs and trekking across, sometimes for five or six hours. "We're still catching them," he says.

Perversely, the crackdown has led to sharply increased earnings for anybody ready to chance it.

The going rate for delivering a box has more than tripled to Ptas10,000 (240). In Spanish border hamlets, crossing the frontier has been a way of life or an income supplement for many people. They now face identity checks, car-boot inspections, spikes rolled across the road.

Contraband has tripped up on its own success. The alarm was raised by the spiralling number

More than 500 people, of 23 nationalities, have been arrested

of finished cigarettes being exported from the UK to Andorra. The amount doubled last year after tripling the year before. Sneaked back out of Andorra, they were then being collected in secret warehouses, transferred to trucks, driven through France or shipped in containers back to the UK or to Ireland.

Within Andorra this was all above board. Cigarette imports are subject to duties, but these are much less than tax levies in European Union markets. The

profit margin for a carton of imported cigarettes smuggled to Spain is about Ptas1,000 - and much more when they go to the UK, with excise-paid retail prices about four times what they are in Andorra. Transport costs make only a small dent in the earnings, and the real losers are government coffers.

Surrounded by the EU, but not part of it, Andorra is prepared to start finding contraband exporters from next Tuesday when the first law aimed at controlling its out-bound trade comes into force.

Smuggling here is an old story, and so are the feuds it causes with Andorra's neighbours, which until five years ago - when Andorra adopted the constitutional trappings of a modern nation - exercised a medieval regime of tutelage. In 1912, the Spanish bishop of Urgell - one of Andorra's "co-princes" - sparked a revolt by trying to ban the tobacco business.

But it is an activity Andorrans have never seen much reason to concern themselves about. It had something of a Bohemian image attached to it. If it was a problem, it was somebody else's.

"Accepting this more or less implicitly was a characteristic of Andorra," admits a senior Andorran official. He and many fellow-countrymen, especially the tobacco trade, think Andorra is being picked on as an easy tar-



The Tobacco Guard: Goya's view of anti-smuggling measures

get, and forced to take unpopular measures.

Oddly, tobacco has come to be an economic mainstay. Together with alcohol and fuel it provides half Andorra's budget revenues in import duties. It is also the only successful industry, manufacturing under licence, and the

constitutes Andorra's main farm subsidy. Recently a market has been found for Andorran-grown tobacco in France, but it has otherwise been burned or shredded for fertiliser.

Five companies, owned by Andorran families, manufacture and import tobacco products - officially just for internal sale, mainly to visitors frequenting Andorra's tax-free emporiums. The government says 8.5m visitors came last year, each entitled to take out 15 packets of cigarettes. Production and imports came to 301m packets. In theory, this meant every one of Andorra's 64,000 inhabitants was getting through about seven packets daily.

Tobacco bosses are reluctant to talk about the crackdown. But Higinio Clerco, manager of the largest, Montanya, licensee of the Philip Morris group, admits that prospects are "frankly bad". Business in US cigarettes this year is running at 40 per cent of last year's levels, and UK-made cigarettes at 5 per cent, and the company has sacked 50 of its 110 manufacturing employees.

Across the border, the smuggling mafias have moved out. Many people are glad to see the back of them. But bars, banks and car dealers are hurting.

"If this had carried on as before, in a family fashion, it would have been okay," says Bonaventura Solans, mayor of Montferrer village. "This was industrial-scale. It had to stop." But he expects the fuss will die down in a few years. "Then things can go back to the way they have always been."

BOOKS

Conflict and the lessons of Islam

Anatol Lieven admires V.S. Naipaul's series of profound meditations on societies in the throes of wrenching change

The central theme, common to all of V.S. Naipaul's latest reflective travelogue is perhaps the least developed aspect of this fascinating and beautiful work. *Beyond Belief* is a follow up to *Among the Believers*, written 17 years ago, and revisits some of the same people. His intention was to focus on the way in which the Arabic origins of Islam affect the cultures and psychologies of the non-Arab "converted peoples" of the East Indies, Iran and Pakistan.

In Naipaul's words, "A

BEYOND BELIEF: ISLAMIC EXCURSIONS AMONG THE CONVERTED PEOPLES

by V.S. Naipaul
Little, Brown £20, 480 pages

convert's world view alters. His holy places are in Arab lands; his sacred language is Arabic. His idea of history alters. He rejects his own; he becomes, whether he likes it or not, a part of the Arab story. The convert has to turn away from everything that is his. The disturbance for societies is immense, and even after a thousand years can remain unresolved; the turning away has to be done again and again."

The tension between the new-old "fundamentalist" and koranic - and therefore by definition Arabising - Islam and local Moslem traditions, often mixed with pre-Islamic elements, is indeed of vital importance in the Islamic world today. It partly underlies the civil war in Afghanistan, present clashes in Daghestan, and the party politics of half a dozen countries.

Naipaul however does not fully bring out that these struggles are between old and powerful trends within Islam itself. Throughout its history Islam has adapted to, and been subverted by, the cultures it has conquered, and the syncretic traditions thus established have proved extremely strong. The swinging balance between these traditions and the desire for a return to koranic origins has been going on for some 1300 years, and will probably last as long as Islam itself.

Naipaul's emphasis on the "imperial" character of Arabising Islam also somewhat obscures an equally valid comparison to medieval Catholicism's use of Latin as the language of religion, law and education. The result was to make these fields the preserve of a clerical elite, cut off from ordinary people and their "vernacular", but not seen as attached to a "foreign" culture as such.

However, for long stretches of *Beyond Belief*, Naipaul wanders from his central theme. Much of the section on Pakistan, for example, deals with the malignant legacy of feudalism, given new strength by the Afghan war and the rise of the drug trade. It also embraces a lurid, but doubtless accurate account of the sexual practices of the last Nawab of Bahawalpur and his 390 concubines. On a more cheerful note, the section on Indonesia contains a piercing, hauntingly beautiful description of a girl's childhood in the world of a traditional rural clan.

But we should be grateful that Naipaul did not tie himself down too closely to his original programme. For there have been quite enough schematic accounts of the Islamic world, whether from critics or self-appointed tribunes. Naipaul achieves something much rarer and more valuable. He actually allows his interlocutors to speak for themselves, while placing their personal histories in perfectly evoked cultural and historical contexts. The result is a series of profound meditations on societies and individuals in the throes of wrenching change.

Beyond Belief displays two of Naipaul's greatest qualities as an observer. His jewel-like individual profiles are set in a filigree-work of acute physical, cultural, historical and psychological detail. He is also extraordinarily dogged in his questioning, to an extent that should shame most journalists. If there is a gap or inconsistency in one of the accounts given him, then he goes on drilling away until he is satisfied that he has got the whole picture.



These qualities are closely related to Naipaul's technique in his novels. More surprising perhaps is Naipaul's warm sympathy even for many of his Islamist subjects, a sympathy which gives this book its deeply moving quality (and if his recent marriage to a Pakistani journalist, Nadira Khanum Alvi, acquires him of any charge of gut anti-

Moslem prejudice, some of his most justifiably bitter criticisms of Islam relate to its treatment of women).

The sympathy however has deep roots in Naipaul's own life. Several of the personal stories in this book contain echoes of his much-loved father, immortalised in *A House for Mr. Biswas*: a man struggling comically but also heroically to be an

upright, independent and fully developed intellectual in Trinidad, a peripheral colony, with a deep sense of its own cultural unimportance, and with a hopelessly fractured and dislocated culture and society.

Another clue I believe lies in his observation that "God or valuable writing is more than a technical skill: it depends on a certain moral wholeness in the writer." Naipaul writes acutely of the way in which a search for wholeness through adherence to causes like Communism or Islam leads to writers falsifying their calling and becoming second rate; but he also understands very well the burning needs which drive men and women into that search.

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John, "caused a stir by her learning, her fluency in Greek and her erudition". She was elected Pope in 856, but, according to the medieval source, Martin of Poland, "when Pope, she became pregnant by the person with whom she was intimate", and her deception was revealed. It is unlikely that she was put to death - probably a threatening gloss added by later chroniclers - but she may have been packed off to a nunnery. Her son was reputed to have become bishop, thus joining the many children of medieval priests - Popes often had wives at the time - who

Behemoth of Beat

The Psychic Cosmonaut, the Junkie Who Lived, The Literary Outlaw, Godfather Of Punk, King Of The Beats. So many epithets have been attributed to William Burroughs, so much has been said about his life that it is hard to separate the man from the myth. Was he misrepresented by the media? Was he at odds with his public image? After reading Graham Caveney's new biography, *The Priest, They Called Him*, and the collection of interviews, essays and other curios entitled *My Kind of Angel*, the answer seems clear - the man is the myth.

Most will know something about Burroughs' life - that he accidentally shot and killed his wife, Joan, that he wrote one of the most controversial books ever, *Naked Lunch*. But most will not know that, on a trip to Europe in 1936, he met and married Lisa Klapner, an Austrian Jew fleeing the Nazis. Or that, towards the end of his life, he wept at the thought of his beloved cats being wiped out by a nuclear explosion.

Burroughs was born in 1914, in St Louis. After Harvard, which he hated, he drifted, did odd jobs and some postgraduate work. After a brief stint in the Navy, he drifted again, eventually becoming a big exterminator in Chicago, where he met two young Columbia students named Allen Ginsberg and Jack Kerouac, and started his 40-year addiction to drugs.

In *My Kind of Angel*, Michael Horowitz argues that the Beat movement was "a final fling of an old-style literary bohemia" of which Burroughs wasn't really a part. Whereas Ginsberg and Kerouac were into jazz, eastern religions and social protest, Burroughs appealed to a very different audience, one which was hooked on hard drugs, new forms of communication and which had a mistrust of any social institution. When asked if he shared Ginsberg's non-violent forms of protest, Burroughs replied "Most emphatically no."

Burroughs met Joan Vollmer during this time and they moved to Mexico City to try to kick their habits. It didn't work. It was during one of their long, drink-fuelled afternoons that Joan died. The Mexican courts only charged Burroughs with criminal imprudence and released him on bail 13 days later. To his dying day, Burroughs deeply regretted the whole affair and said that "the death of Joan brought me into contact with the invader, the Ugly Spirit and manoeuvred me into a lifelong struggle, in which I have had no choice except to write my way out."

Burroughs fled to Tangier. By now, he was shooting Eskadrol into his arm every two hours, but he travelled to London and successfully underwent an amphetamine

cure. He returned to Tangier clean and began assembling his musings and outpourings into what would become *Naked Lunch*. "Nothing but work and weed all day" he wrote to Ginsberg.

Kerouac and Ginsberg arrived in Tangier to see for themselves. Kerouac typed up Burroughs' work and Ginsberg came up with the title (a misreading of "naked lust"). The book was published in Paris in 1961 and immediately courted controversy, but it became an international success. Its cut-up prose, surrealism, sadism, comic-book madness and themes of body invasion were deemed depraved by the authorities, but the book became the password to the cognoscenti. Burroughs' work was never to receive the same level of attention again, but his influence on writers such as J.G. Ballard, Don DeLillo, William Gibson and Kathy Acker would subsequently become apparent.

Burroughs left Morocco and, after 30 years of living in Paris, London and New York, settled in Kansas City

THE 'PRIEST', THEY CALLED HIM
by Graham Caveney
Bloomsbury £20, 224 pages

MY KIND OF ANGEL
edited by Rupert Loydell

Strick £9.95, 163 pages

until his death last year. He kicked his habit once and for all, and admitted that there wasn't "much left to do" in terms of writing. He took up painting and had several solo exhibitions. There were several musical collaborations, including with Laurie Anderson and Kurt Cobain. Despite surviving all the abuse and a triple bypass operation, Burroughs died suddenly of a heart attack, four months after his closest friend, Ginsberg, had also died.

Caveney's book is a no-frills biography. He is obviously a fan, which means we get less critical perspective than we perhaps should, but he's no sycophant. Most notable is the presentation - graphic artist Simon Jennings has hand painted each page and the book is full of fascinating photos, newspaper cuttings, maps and drawings, and myriad other details, all of which give it the air of a piece of art rather than a book.

My Kind of Angel starts with five interviews, which show how solipsistic Burroughs was, and continues with five essays. The second half of the book is made up of numerous poems, cut-ups and dreams, by turns thoughtful, surreal or sublimely ridiculous homages to Burroughs. Taken together, these two books capture more of the spirit of the man and his writing than straight biography.

Richard Skinner

Life under the gavel

Are auction houses honest? Do politicians sometimes lie? Do Anglicans believe in all the 39 Articles? Some flexibility, a few corners cut, are surely part of the inevitable compromises in modern life.

The image which Christie's and Sotheby's have perfected is that of cultural institutions which, through a staff of refined aesthetes, transfer great works of art from one connoisseur to another, while in the past they perfected sharp practices which would make a second-hand car dealer blush.

Robert Lacey, in an entertaining career through over two centuries of Sotheby's history, hardly attempts to conceal the blemishes. Indeed, his most entertaining passages concern such indiscretions as the \$25m advanced to Australian tycoon Alan Bond to enable him to acquire Van Gogh's "Roses" just weeks before he ended up in court; the Servo treasure imbroglio, when the saleroom found itself selling off Roman silver with a murky provenance largely concocted by its previous chairman Peter Wilson; and last year's Italian smuggling fiasco, when a journalist's sting revealed that Old Masters were routinely smuggled to London in the back of lorries.

Yet Lacey still manages to present Sotheby's in a kindly

light. He glosses over the fact that, in the fearsome competition between Sotheby's and Christie's to capture the major collections, anything goes.

The virtues and the vices, the coups and the catastrophes of auction life were epitomised by one man, Peter Wilson, who fashioned the modern Sotheby's, seeing off the dealers and creating the international art market. Lacey discounts some of the Wilson legend -

SOOTHEY'S: BIDDING FOR CLASS
by Robert Lacey
Little, Brown £20, 334 pages

that he was a Russian spy, that he committed suicide by refusing to take insulin for his diabetes. But there is still plenty left - the dotting father who filled Sotheby's with personable young men, most famously Bruce Chatwin, while reserving rougher trade for the weekend; the megalomaniac workaholic who happily sold his own collectables through Sotheby's, raising the reserves if the commission bids were encouraging; the bad loser, who wrecked careers and chose his cousin as his successor in an attempt to run things from retirement in France.

But Wilson always saw the fallacy at the centre of the art market - when not persuading sellers that this was

the perfect time to sell with prices at their peak, he was advising buyers that an acquisition now would soon show a profit. He also realised that the flow of masterpieces was shrinking, and that the future lay in meretricious collectables such as the \$28,500 paid earlier this year for a slice of the Duke and Duchess of Windsor's wedding cake.

Sotheby's problem is that its loyalty lies, if anywhere, with the sellers, while most of its income derives from buyers. Wilson's charm was powerful enough to keep the conflicting parties happy. Today Sotheby's is run by an accountant, DeDe Brooks, who has attempted to clean out the Augean stables and to go for profit rather than turnover. It is a less exciting place to work but is undoubtedly more honest than under Wilson.

Lacey leaves Sotheby's at a crossroads, overtaken in sales by Christie's and in thrall to the financial status of its American owner, A. Alfred Taubman. This is Sotheby's with pimples rather than warts, although it is a pity that the other player in the unfolding drama, Christie's, only makes a belated appearance, like Fortinbras, at the end of the story.

Antony Thornicroft

In the ninth century, an English woman dressed as a man conned a crowd of Italian priests and bishops, became Pope for two years and five months, then suffered stomach pains during a papal procession, gave birth to a son in the street, and was stoned to death.

If you believe that, you are about as credulous as the medieval nuns who, locked in their cells, had power-sex fantasies about Pope Joan. To them, Joan was an irresistible icon: bold, subversive, but safe in the advisory context of a tale warning women not to get ideas above their station. Her life story seems emblematic of the Catholic psyche's romance with transgression and punishment. But is it true, an embellished version of history, a Protestant plot or pure folklore?

Its anarchic, Lord-of-Misrule quality has sparked tellings from a monk's chronicle in 1265 to an 18th century travelogue by Stendhal to a film starring Liv Ullmann in 1972. Now Peter Stanford, ex-editor of the Catholic Herald and author of a life of the Devil, has made of it a trendy post-modern biography. Here, the researcher's quest dovetails with the history of Pope Joan, as descriptions of the Bodleian Library and the Warburg Institute jostle with early missionaries rocking over the Irish Sea.

This more-sophisticated-than-then form of biography is becoming increasingly popular and, because it occu-

When the pope was pregnant...

A trendy postmodernist biography doesn't do much for Pope Joan, writes Jackie Wullschlager

ples the moral high ground in admitting lack of authority, varying possibilities and conjectures, it tends to be critically acclaimed. But in *The She-Pope*, it is an excuse for a skeletal life-story dressed up with sociological comment and anti-clerical irreverence, while history is buried in sensationalising topicality. The point of biography - the unravelling of a life - is lost in the posturing of an author-at-work.

The result is a wildly uneven book. It is a shame, because Stanford's medieval historian is compelling, and Joan is an extraordinary figure. Born in the early 9th century in Mainz to English missionaries, she was an outstandingly bright child who was drawn to the monastic centre of learning at Fulda. At the age of 12, she found its doors closed to women, and disguised as a boy, set off with a monk who may have been a fellow scholar, teacher or lover, to finish her education in Athens. From there she moved to Rome in the 840s, arriving just after the Saracens had sacked the city. St Peter's was in ruins, the Tiber had flooded, the fabric

of the buildings was collapsing and the papacy was a debased, corrupt institution in a "ninth century shanty town".

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gained posts through nepotism.

This is Stanford's possible, just-about-credible version of the Pope Joan myth. He fleshes it out well with a picture of Europe torn between Church, pagan tribes ravaging the land, and the Holy Roman Empire in its dying fall. By excavating the earliest documents mentioning the story, he establishes that it pre-dates the Reformation and so cannot be merely a Protestant plot. He is good, too, on the world of medieval scholarship, but he has no new evidence to swing proof of the Joan story either way.

He is comically obsessed with a certain chair at the Vatican, the "sedia stercoraria" or "dung chair", a sort of commode on which, he says, new Popes sat while a Cardinal prodded from below to ensure that they were indeed male. He chronicles the powerful women in the early Church who may have inspired Joan, but she would probably have heard of none of them, and they read like an anachronistic p.c. roll-call for the 1990s. To think back to the position of women in Joan's time, Stanford admits, "is like trying to

conjure up an age when intelligent men thought the world was square and you could fall off the edge... it is almost beyond our conditioned modern consciousness to make the leap".

But to write this sort of book, you need to make and sustain this leap. Stanford did too swept up in "our conditioned modern consciousness". Rome is "God's business address on earth". A priest and his girlfriend there are trying to get IVF treatment, "only in Rome would this be possible... only here might a woman in drag have pulled off the ultimate scam". Stanford reaches Fulda, a "swath of concrete and paving slabs", via Frankfurt's "glistening airport". There is a chapter on modern transsexuals and on cross-dressing; interviews with feminist theologians and with "one of the leading exponents of psychological profiling in Britain". And insistently and tenuously, every few pages, the evidence on Joan is linked to today's arguments about the ordination of women priests. All this is banal, eagerly modern padding, which dwarfs Joan every time she is on the verge of coming alive.

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BOOKS

Epitome of the age of Decadence

Joan Smith considers the life and reputation of artist Aubrey Beardsley

A hundred years after his death, Aubrey Beardsley is still something of an enigma. When he died of tuberculosis in the south of France, he had already experienced celebrity and notoriety as the embodiment, along with Oscar Wilde, of *fin-de-siècle* Decadence. Reviled for his portrayals of *femmes fatales* like Wilde's Salome and his connection with the scandalous Yellow Book, his addiction to unappealing vice seems to have existed chiefly on paper and in the Victorian imagination. Shortly before he died, he converted to Catholicism and even asked that his erotic drawings be suppressed.

They were not, although the drawings he made towards the end of his life for Aristophanes' *Lysistrata*, and for Juvenal's *Satire*, are so frankly sexual that they have never been widely reproduced. That these illustrations belong to the period when

It is easy to overlook this aspect of Beardsley's art because of his connection with Decadence and his delight in shocking a prudish (and prurient) Victorian public. Yet his later drawings, once he had escaped the stultifying influence of the Pre-Raphaelites, exhibit a strikingly modern approach to sexuality, especially in his portrayals of women. They also suggest a more complex reading of his own sexual orientation than any of these new volumes attempts.

Beardsley cultivated similar mannerisms to his friend Wilde, he never attempted to distance himself from the disgraced playwright, and the phallicism of much of his work is undeniable. At one point, he even moved into an apartment previously occupied by Wilde and used by him for assignations with young men, suggesting at the very least that he enjoyed a vicarious identification with the illicit homosexual lifestyle of many *fin-de-siècle* aesthetes. At the same time, the progression in his work from the elongated "Beardsley woman" of his early work to the voluptuous female nudes he produced in the final months of his life is suggestive of other powerful currents within his sexuality.

According to this latest crop of biographies, Beardsley himself had little sexual experience, and all of it heterosexual. W.B. Yeats claimed that Beardsley was one of a group of young men who had sex with a "painted woman" brought into the poet's rooms in London from the rain. He also remarked prudishly that he encountered Beardsley one morning, still slightly drunk, with a "notorious prostitute" called Penny Plain on his arm. On this occasion he heard Beardsley mutter, while staring at his own gaunt reflection in a mirror: "Yes, yes, I look like a Sodomite. But no, I am not that."

This may be literally true. But it is as pointless to ignore the overt homo-eroticism of some of the drawings as it is to overlook their striking voyeurism. From the beginning, Beardsley was fascinated by the motif of a woman engaged at her toilette, providing a glimpse of an intimate moment which was to become, in the *Lysistrata* illustrations, a full-blown portrayal of masturbation. And it may well be that the circumstance which makes his artistic career so difficult to grasp, which is to say the extreme rapidity of its development, may also offer an insight into the conundrum of his character. Tubercular from childhood, and financially insecure, Beardsley was a man in a hurry.

Sensual yet frail, his lifespan was always likely to be much shorter than that of most of his contemporaries. When Beardsley

Beardsley found himself increasingly drawn to the Church is one of the contradictions scattered throughout his brief life, and with which these three new books have to contend. Published to coincide with the centenary of his death, one is a full-length biography, another a lavishly-illustrated monograph, the third a superficial account of the artist's life for readers unfamiliar with the 1890s.

Matthew Sturgis's biography is solid, packed with detail - including Beardsley's schooldays in Brighton and the possible existence of a mixed-race grandmother - but lacks the imaginative leaps of interpretation which would bring his material to life. Stephen Calloway's shorter book is bold, intelligent, and easily the most effective in displaying the range of Beardsley's imagination. Calloway's illustrations include fine examples of the late drawings as well as "before" and "after" pictures which show the Victorian censor at work - an erection removed here, a fig leaf added there. He also offers an intriguing final chapter on Beardsley's career post-mortem, emphasising how far this apparently archetypal product of the 1890s was ahead of his time.

AUBREY BEARDSLEY
by Stephen Calloway
V&A Publications £25, 224 pages

AUBREY BEARDSLEY: A
BIOGRAPHY
by Matthew Sturgis
HarperCollins £19.99, 404 pages

AUBREY BEARDSLEY
AND THE NINETIES
By Peter Raby
Collins & Brown £10.99, 112 pages



'Salome with the head of John the Baptist', one of Beardsley's early illustrations

left school, aged 16, he had no choice but to find a job, first in the Clerkenwell district surveyor's office, then as a clerk at the Guardian Life and Fire Insurance office in the City - a form of drudgery satirised in an early drawing, entitled 'La Debris d'un Poète' of a young man toiling over a ledger. With no formal artistic training, he had sufficient confidence to call on the venerable Pre-Raphaelite, Edward Burne-Jones, and show him some drawings. Burne-Jones generously encouraged the thin, pale young man and suggested he should attend art school in the evenings. Beardsley followed for a short time. Success came quickly, however, with a commission to illustrate an edition of Malory's *Le Morte d'Arthur*, and then *Salome*.

Beardsley was soon earning enough from his drawing to give up his insurance job and his role as art editor on the first four editions of the quarterly Yellow Book brought him fame and a brief period of financial security. This came to an abrupt end with Wilde's arrest on charges of "committing indecent acts" in April 1895, a calamity which led to a general outbreak of high-mindedness and Beardsley's summary dismissal from the Yellow Book. From then on, his existence would involve a struggle against ill health, lack of funds and an evil reputation which made him virtually unemployable by "respectable" publishers.

Time, or the absence of it, seems to have been the most pressing consideration for what

remained of Beardsley's short life - a period of upheavals whose flavour is captured most movingly in Calloway's book. Much of Beardsley's best work was done from hotel rooms, on the South Coast of England and in France, as he sought a more favourable climate for his worsening illness. He was financially supported by two contrasting patrons, the publisher and pornographer Leonard Smithers and a wealthy Russian homosexual, Marc-Andre Raffalovich, who was also devoutly religious. Each of these men encouraged different aspects of Beardsley's character. Smithers nurturing his interest in erotic subjects while Raffalovich nudged him towards the Roman Catholic Church.

Towards the end of 1897, Beardsley made his final journey, from

Paris to Menton. Ensnared in a room at the Hotel Cosmopolitain, where a last photograph shows his gaunt figure reading at his desk, he worked on a projected series of illustrations for Ben Jonson's *Volpone*. In March, too ill to work, he scrawled his final note to Smithers, imploring him to "destroy all copies of *Lysistrata* and bad drawings". Just over a week later, sedated by morphine, Aubrey Beardsley died. He was 35 years old. In retrospect, it seems likely that the enigmatic features of his life and art can be explained by a decision, conscious or otherwise, to pour what energy he had into his work, placing on paper the teeming interior life which he did not have the time to seek in the real world.

Man's place in the order of things

Cats is 'Dogs', and Rabbits is 'Dogs', but this one 'Tortois' is an insect. So there can't be no charge for it, is the explanation for a complicated charge tariff given by a railway porter to an old lady travelling with a menagerie of pets in Victorian England.

As Harriet Ritvo describes in her fascinating book, the 1969 Punch cartoon illustrates both our need to categorise the world around us and our difficulties with doing so. Perhaps the same porter could help us decide whether foxes are dogs or some form of vermin? The present hunting debate shows that we are still exercised by questions of classification in our relation to animals. In charting past efforts to systematise the organic world, Ritvo leads us into the increasingly murky waters of pedigree, racialism and our attraction to the monstrous, both human and animal.

Being able to recognise animals and plants around us appears to be a necessary skill, even in the comfort and safety of urban societies. For our ancestors, and people living in dangerous environments, it could be a

THE PLATYPUS AND THE MERMAID AND OTHER FIGMENTS OF THE CLASSIFYING IMAGINATION
by Harriet Ritvo
Harvard University Press £19.95, 288 pages

matter of life and death. Even urbanites still instinctively point to pictures and name "elephants", "lions", "cows" and "donkeys" for very young children, as if these beasts are part of their immediate surroundings. The categorisation of such objects seems to have evolved as a fundamental process for our brains "computer", with the various groups being filed away in a special mental drawer.

It is probable that our relationship with nature has always been problematic. Hunger and fear, mixed with an admiration for the strengths and skills of wildlife, became further confounded when the first dog shared a human hearth, wild cattle were corralled and horses were mounted by human riders.

The subsequent breeding of domestic animals introduced the notions of "good" and "bad" blood lines and hybridisation. The Aristotelian concept of a connected ladder of being, from the lowliest plants and worms through quadrupeds to man, was almost a chain of command. This gave mankind rights over all other life, and was merely extended another couple of rungs for the angels and God by Christians. Not surprisingly, when these ideas were extended to classifying and ordering humans, they were used to justify all sorts of ideas concerning social hierarchy and race.

The 19th-century explosion of scientific investigation brought a growing array of specimens, animal, mineral, vegetable and human, back to Britain and bigger museums, zoos and botanical gardens built to house them all. But, with so many different kinds of organisms, like had to be placed with like to form more manageable groups.

As Ritvo relates with style and humour, this was a very tricky business and still is. Marsupial kangaroos and egg-laying mammals like the duck-billed platypus were hard to place. Then Darwin really "set the cat among the pigeons" by suggesting that our close resemblance to apes indicates that we share a common ancestor.

In writing this book, Ritvo has entered a fascinating and often deeply disturbing realm. She reminds us of the sometimes heroic, sometimes pathetic, comical, tragic and even downright dangerous attempts to define our place in the natural world. As this century has reminded us all too painfully, the temptation to relegate other people, animals or even plants to some "lower order" seems to be deeply ingrained in our psyche. We might think that we humans rule the world but when it comes to the big showdown, my money is on the bacteria, plants or insects as survivors.

Bryan Cheyette

Douglas Palmer

Nothing but the truth

Max Wilkinson admires a philosophical tale

What is truth, and why should we care? Isn't life too short? Or is the shortness of life just why we need a true way to make the best of it? Fascinating? Perhaps, but the questions can often seem abstract or threatening. Maurice Scott, an economist and former soldier, has found a deft and entertaining way to answer them. He wraps his ideas into the story of Peter, an intelligent young graduate who, for a sad reason, suggested later in the book, has set out from home on a long and pensive walk. This turns mysteriously into a series of encounters with people of conflicting and sometimes very decided views. Peter questions them searchingly about how their beliefs have helped to shape their lives.

Scott uses a picturesque narrative with beguilingly simple language to explore some deep philosophical questions. From easy conversational beginnings, he leads the reader almost accidentally into the relationship between truth, self-interest, altruism, love, children and the purpose of life. His insights are penetrating and often original. He is also a

vivid and amusing story teller, creating well-differentiated characters whose tales hold the reader's attention. But the dramatic tension he is striving for is in the realm of ideas.

This blend of storytelling and philosophy could be compared to that of Jostein Gaarder in his best-selling *Sophie's World*. Scott's story is simpler and less magical, but in some ways he has the advantage. Whereas Gaarder interleaves a series of short philosophy lectures into his tale, Scott's ideas flow from the characters and the stories of their lives. He has cleverly adapted a trick from Plato's dialogues in which, despite his disclaimers, Socrates is a know-all who altruism, love, children and the purpose of life. His insights are penetrating and often original. He is also a

come to some unexpectedly firm conclusions.

Scott's stories show in a very un-Platonic way how truth looks different to people in different circumstances. For example Peter meets a guru, who spouts a load of nonsense, but also

PETER'S JOURNEY - A SEARCH FOR THE PURPOSE OF LIFE
by Maurice Scott
Janus Publishing Company £7.95, 176 pages

tells a wise parable. His mysticism makes a miserable woman, who believes in him, contented. Is she wrong? Or are we?

The story also shifts timeframes cleverly. After being knocked down by a bicycle, Peter finds himself talking to Beatrice Webb about her life and work. It all seems quite plausible. Perhaps Peter lived in her time, or was it concussion, or a dream? It doesn't matter. The point is that Peter first hears a passionate - and convincing - account of Beatrice Webb's ideas of socialism, her achievements and disappointments from her own lips. But Peter then "wakes up" in the "real" world to hear a very different account of the Webbs from a modern historian.

The same method is used for Darwin and Tolstoy. Scott has researched the biographies carefully, so all these interviews - and the later commentaries - are packed with intriguing detail. These three interviews create intellectual signposts for Peter, pointing to political idealism, scientific endeavour, and the search for imaginative and spiritual truth. None carries a simple message.

In the end it is Darwin who claims Peter's sympathies, as much for the humane honesty of his personal life as for the moral insights which have more recently been derived from his work. Then, in a strangely moving final encounter, Peter meets a woman in white with luxuriant black hair, her face shaded in the moonlight. She is Truth, of course, and it says much for the quality of this book that she appears as a dramatic climax rather than as an embarrassing device.

Truth turns out to be gentle and pragmatic, with more than a hint of a real person much beloved. Peter realises he will never see her full face, but learns thereby to be suspicious of those who claim to know for sure. As for his purpose in life? It is love, of course, and doing some kind of work well. This is less obvious than one might expect, for in his discussion with Truth, Peter is able to call up a world of examples, with all the detail - and complications - of real life.

This is a deceptively clever book, rigorously thought out, pleasantly ironic and entertaining. But most of all, it is filled with a breath of sincerity, which leaves the reader feeling a little wiser and greatly refreshed.

Fiction The right to offend

Needless to say, Frank the Solitary ends up wallowing vast amounts of beer and chocolate, he realises that her comedy is quite tame as it does not have room for the other side of the argument. For Frank, her act is designed to make other women feel better about themselves and thus is a form of orthodoxy. Comedy, he believes, is about giving offence, that is challenging the status quo. For this reason, he overdoes on masculinity - whoring, relishing past conquests, chasing old lovers, and imagining his illegitimate offspring wandering around the west coast of England. This is Frank's answer to feminism.

NO MORE MISTER NICE GUY
by Howard Jacobson
Jonathan Cape £15.99, 260 pages

show how he got himself into this mess. Frank's northern adolescence contains the origins of his erotic pitfalls. Seen through schoolboy eyes, his sexual perversity becomes a form of nostalgia and bitter-sweet merriment. The time he recounts his first job, teaching English as a foreign language in Oxford, his youthful passions are closer to adult cruelty. Failing to choose between "the dick" and "the heart" haunts him throughout his life.

Because Frank is such an amusing character, it is possible to forgive him almost anything. He is an egomaniac who debases himself beyond measure and his misfortunes are, in the end, a source of constant pleasure.

Fiction The right to offend

His misadventures delight the reader in the same way that Frank savours those worse off than himself. Jacobson unleashes many of Frank's primal emotions - sex, jealousy, envy and pride - in a bid to challenge an easy liberal conformity. At one point, he finds himself sharing a celibate bed with an overweight feminist comedian debating the relative merits of her right-on humour. After consuming vast amounts of beer and chocolate, he realises that her comedy is quite tame as it does not have room for the other side of the argument.

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ARTS

Not so sweet nothings from America

William Packer reviews the latest Saatchi exhibition

With all the fuss about our "Young British Artists" and "Sensation" at the Royal Academy still fresh in the memory, it is now especially useful to be reminded we are not alone. And, what do you know, the first part of the second selection from work of younger American painters and sculptors in the Saatchi Collection is the usual curate's egg: a small part of it excellent.

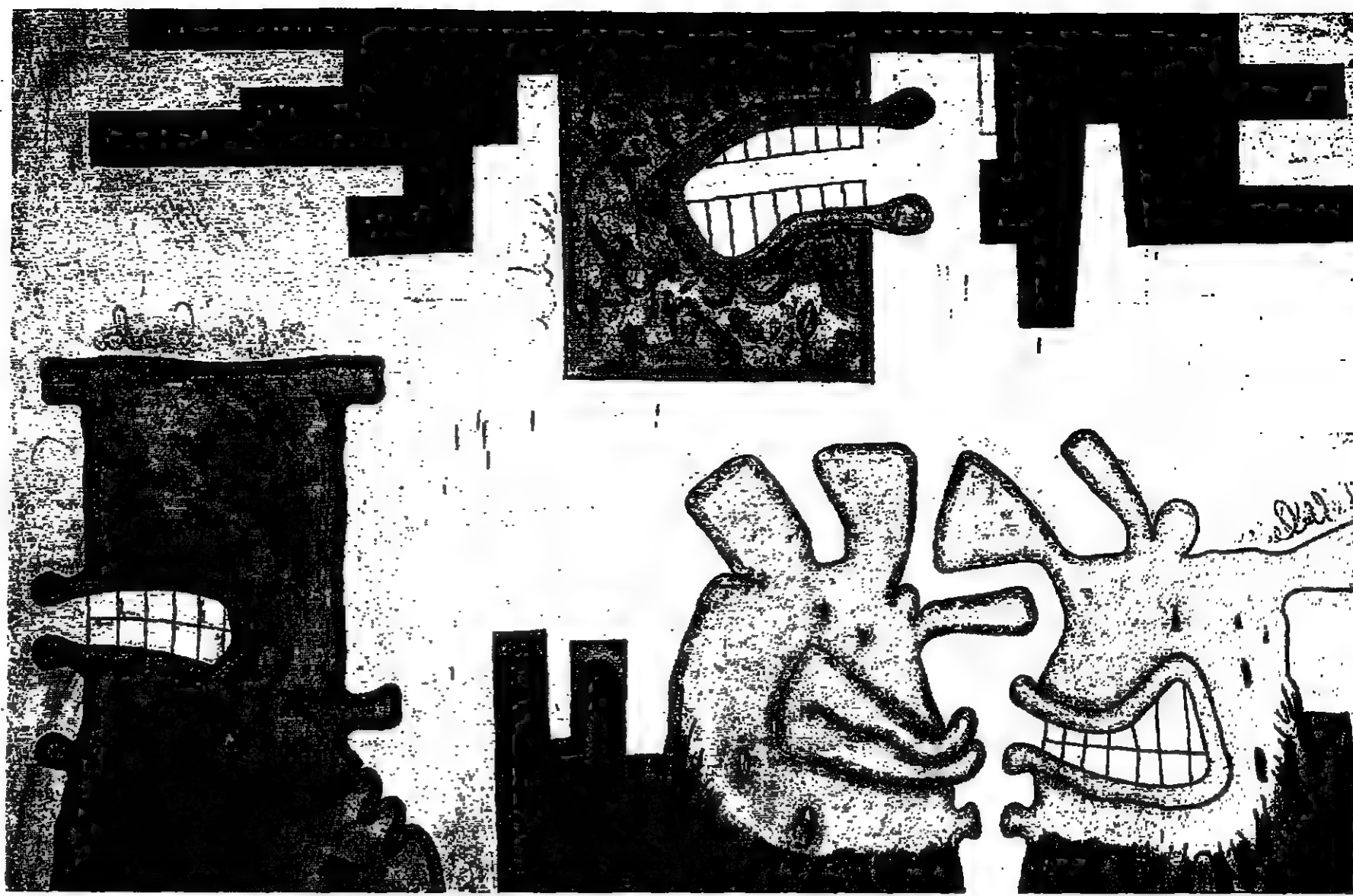
As for being young, this little team of four painters and a sculptor range from 38 to 49, at an average of a little over 44. No less surprising is the inclusion of David Salle, who has been widely shown around the world since the early 1980s, and two other artists, Ashley Bickerton and Carroll Dunham, were showing together here at Saatchi 10 years ago. One cannot, of course, have too much of a good thing. But all the work was done since then, so "Recent American Art" is what we actually have here.

A painter lightly represented in this exhibition, Terry Winters (49), is the most interesting. Whether

that interest would survive a more thorough airing is an open question, for his two large paintings here suggest a somewhat formulaic approach, ringing elegant changes upon a set process. They are abstract works, the handling effected with a delicate, mannered awkwardness and a certain reticence.

A loose, open structure is laid across a darker ground, which is then explored, articulated and overlaid by further skeins and linear interweavings of the paint. Surface and image are obscured and dense. They have something to them of Philip Guston - half-way between that artist's early gentle, atmospheric abstract Expressionism and the tragic-comical, monumental cartoon imagery of his later years. The grey painting, a sort of mesh or oriental scaffolding, is especially beautiful.

One can't say quite as much for the rest of them. The Guston influence, too, is evident in the work of Carroll Dunham (49), which is a spirited, rather flatter and more graphic re-working of that near-figurative imagery of Guston's last years, but crossed now with the strip-cartoon grotesqueries of R.



Enjoyable enough on the surface. But profound? No: 'Meters and Meters' by Carroll Dunham, 1994-5.

Crumb, with just a touch of Wols and late Kandinsky - eclectic stuff. "A furious new race of humanoid 'toons', says the catalogue, "snarling and sardonic fighting figures... brandish their whips, probes, knives, hammers and displaced genitals in beautiful, abstract, candy-coloured terrain," which just about says it all. It is enjoyable enough, on the surface: but profound? No.

The single large canvas by Ashley Bickerton (39) is somewhat less agreeable, a

highly-wrought photo-realist image of an elderly, bald, hairy man lounging on a scarlet leather sofa in his underpants, the television-thingy in one hand and his own thingy in the other. In the dark void in which this edifying tableau is set - for this is a morality of sorts - are floating overt references to Brancusi and Mondrian. It is called "The Patron", and labelled so within the painting, just in case we miss the point.

But it is David Salle (46) who dominates the show, if

more by virtue of reputation and weight of numbers than any particular merit. These are again all large canvases, portentously so, and organised in the old family way, a collage-like overlay and arbitrary conjunction of disparate images and references that harks back to Rauschenberg of nearly 40 years ago, and the Surrealists before him, though with nothing of their handling of the paint, no true feeling for material, no formal engagement with the image, no love. The handling is at best

perfunctory, merely tracing figures thrown onto the canvas by projector, or otherwise resorting to the devices of graffiti and the faux-naïf. Lately he has taken to inserting smaller canvases, that carry photographic images, within the larger. Two grey women walk away, side by side, with beer bottles set into the backside of one of them, and a rudimentary railway engine, drawn in blue paint across the call of the other. And there are patches of wallpaper, the headless top-half of a woman

in a blue dress, and a set of butterflies and, laid over it, all, graffiti of hands and a vestigial penny-farthing. And what does it tell us, other than that Salle does not paint very well, and cannot draw at all? Nothing.

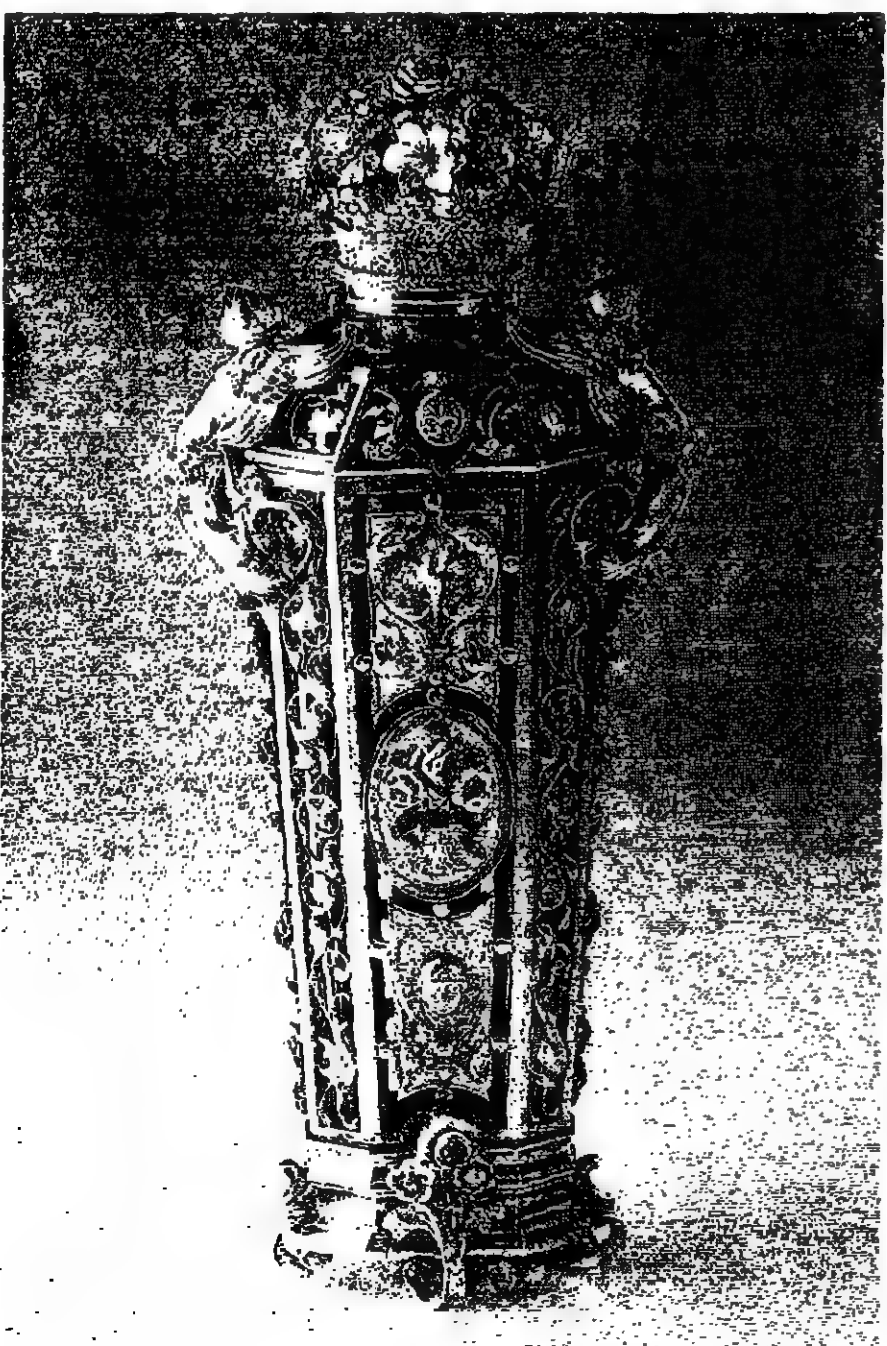
Of the sculpture, or rather arbitrary assemblages of odds and ends partially daubed with paint, of Jessica Stockholder (39), there is little to say. Again it goes back to Rauschenberg, who has much to answer for. But, lacking his raw energy and

devilment that for a time gave his sculpture a peculiar edge, hers now is merely smart, self-conscious, rather chic. Why does that black bath-tub stand on its end? Why is it wrapped around with a pink-print cloth, most of which has been painted bright blue? And why is it tethered to a stone by that piece of string? Dumbo.

Young Americans 2, Part 1: The Saatchi Gallery, 98a Boundary Road, NW8, until July 12. Thursday to Sunday, 12 till 6pm.

Jewels with intimate tales to tell

Jackie Wullschlager on a brilliant display of money, power and possession in Paris



A secret bottle mounted in enameled gold, c.1955, in the irresistible Chaumet exhibition

It opens with Napoleon's jewel-encrusted sword and it closes with a crystal chip shaped like a panther's paw, with black onyx spots and vicious corneal claws, from the 1970s. The story is of money, power and possession and, across generations, changing aesthetics and social customs: the new Paris spring exhibition, *Chaumet: Two Centuries of Fine Jewellery*, tells its brilliantly.

The normally sedate Musée Carnavalet looks as ritzy as a vitrine on the Place Vendôme. In the first week, crowds of sleek, perfectly-groomed Parisians paraded under its showcase, a black lace tunnel hung with hundreds of tiaras and ending in a giant mirror, to imagine themselves crowned in platinum and diamonds.

A labyrinth of tiny alcoves invites us to private audiences with portraits of two centuries of Europe's aristocrats and artists, their jewels exhibited alongside in gleaming cabinets. Then the maze opens into a bright hall of art deco splendour, cubed chains, geometric lights and spindly silhouettes recalling the grand salon of a 1920s liner.

Society stars with short hair, pendant earrings, and ropes of pearls cascade to their waists are shown in photographs by Cecil Beaton and Lartigue, while the original jewels are displayed in illuminated crescents cut into the walls. From imperial grace to the language of Art Deco to sarcastic designs in the 1970s, Chaumet stated and restated the grand man-

ner, and as a story of Parisian taste, this exhibition is irresistible. The Musée Carnavalet is the museum of the history of Paris, and that *Chaumet* works as social history is due to a clever mix of setting, portraits, letters, anecdotes, maps of Paris, as well as jewels, which conjure up different, fleeting visions of life in the city.

The first portraits are of Napoleon in red velvet and the Empress Josephine in coronation costume, wearing the emerald, diamond and pearl parure made in the sumptuous yet elegant style of Chaumet's founder, Marie-Etienne Nitot. Sitting at their feet, you can read a letter from the jeweller's son recalling how the parure was paid for. As Nitot was one day imploring Josephine to settle her bills, she heard the Emperor arrive, shoved the jeweller into a cupboard, seduced Napoleon in the same room and in a moment of *douceur* made him sign for her debts before hurrying him out and, unembarrassed, unlocking the cupboard.

In the next niche, Nitot's successor, Jules Fossin, is quarrelling with the great actress Rachel, towering above us in furs and pearls; she refuses to collect an acoustic bracelet she ordered for her lover, a Count Alexandre, whose stones spell his name (amethyst, lapis, emerald, sapphire, diamond, ruby, emerald), because the commission and the execution he has married someone else.

Round the corner is Balthus, pugnacious in an 1830s lithograph, complaining that he is way down the jeweller's celebrity list, for "before the sublime Fossin designed to leave his tiaras and princely crowns... I have had to beseech him, to humble myself and leave the retreat where I am engaged in setting my own humble sentences".

The exhibition is inspired

At the 'Ball de Pierres' in 1914, guests were almost nothing except precious stones

on the uneasy relationship between art and commerce, between craftsman and temperamental customer, between jewellers and their dramatic shops in Paris' first arrondissement, and the gliders and chainsmiths, bronzesmiths and pearl stringers who work from decrepit buildings in the third.

Beyond these public worlds, dozens of jewels here tell intimate tales. A memorial box from 1788, the oldest example of Nitot's work, commemorates with a wistful portrait on ivory a Marquise who died in childbirth.

A harlequin pin in topaz, sapphires, opals and rubies epitomises the follies of Prince Anatole Demidoff and the Russian aristocracy who lit up mid-19th century Paris. A row of eclectic Gothic-style jewels trumpet the rise of the Rothschild wives who became leading society figures after the Revolution, and is set against a portrait of an engagement party capturing the luxury and culture of Rothschild homes across Europe.

By our century, new money commissioned Chaumet's most extravagant pieces, and portraits of heiresses such as Gertrude Vanderbilt and Marguerite Fould dominated the account of the jeweller's fortunes from the Belle Époque to the 1930s.

One banker's wife, Madame Louis Singer, lived in state at the Hotel de Chimay, had herself painted in regal black gowns plastered with jewels and went on buying diamonds and pearls from Chaumet until she was in her 70s; it was a hobby. Presided over by Kees van Dongen's 1926 painting of a stern-faced, softly-draped socialite known as "The Sphinx", this section comes alive as a sort of Parisian *Vile Bodies*, full of events such as the 1914 "Ball de Pierres", where guests wore almost nothing except precious stones.

Here half the characters might have stepped out of the pages of fiction - Alice of Monaco, wearing Chaumet's diamond and pearl choker here, was the model for the Princess of Luxem-

bourg in *A la recherche du temps perdu*; there are Henry James grand dames and E.M. Forster colonial matrons, while the final portrait, of Yashwantrao Holkar, 1930s maharajah of Indore, in traditional costume, wearing the famous pair of Indore diamonds, 46 carats each, hanging from a Chaumet pearl necklace, is the centrepiece of a room evoking Merchant Ivory-style Indo-European glamour.

In the 1820s and 30s, the Parsee dynasties of Bombay, escorted by retinues of servants, descended on the luxury hotels of Paris and Deauville. Happy to sacrifice weight for greater brilliance, they brought their ancestral gems to Chaumet for recutting, then had them reset in turban and scimitars, using indigenous peacock and floral motifs.

This is a show of bizzareries which is as enjoyably frivolous or provocative as you choose to make it. It celebrates the 1990s nostalgia for aristocratic high life, but is also a self-conscious commentary on it. You see greed and beauty allied in every item, and one contemporary showpiece states it unambiguously: in a necklace of carved jasper seahorse, a frosted rock crystal octopus at the centre stretches its diamond-highlighted tentacles to grip a ruby. It was made as a wedding present, and it embodies the question this show never stops asking: can we all be bought?

At the Musée Carnavalet, 23 rue de Sévigne, Paris, until June 28.

Television/Christopher Dunkley

When length is not enough

Many Britons probably don't realise how lucky they are to live in a country where, despite exponential growth in mindless light entertainment on television, it is nearly always possible to turn to BBC2 or Channel 4 and find something to occupy the mind of a moderately intelligent adult. In many other countries there is not a single similar channel, let alone two. However, even in Britain the arrangement breaks down occasionally, and bank holiday weekends are among the worst of those times.

You need to look through the schedules pretty carefully if your idea of a worthwhile evening of television excludes allowing your mind to go into free fall in front of schlock such as Channel 4's *A Song For Eurotrash* (tonight at 9.00). Even then, of course, you may be misled. *Tsahal* on BBC2 at 11.00 tonight, one of a large

number of documentaries marking the 50th anniversary of the founding of the state of Israel, may look like a commendable way to spend nearly three hours (and that is just the first part; there is another great chunk tomorrow). This one is concerned with Israel's armed forces and Israeli attitudes towards them. But there is a good reason why it is being tucked away in the wee small hours. It is insufferably boring.

Long diffuse documentaries, mostly made by the French, like this one, are not always a bad thing, if they are well made, and the viewer can suspend the habit

of mind normally brought to fast-moving modern programmes, then they may deliver high value. Marcel Ophüls' *Le Chagrin et la Pitié* was a striking example: its four hours told you more about French attitudes and actions during the German occupation than four normal one-hour documentaries would. But length alone is no guarantee of such value and, sure enough, *Tsahal* proves to be undisciplined and dreadfully badly edited.

Tomorrow's one-off documentary on BBC1, *The Wolf Man* (7.10 pm), is not a particularly well made programme, yet the story it tells is so touching that it is well

worth its 50 minutes. The man is Paul Balenovic, a Yugoslav stunt man working on movies such as *The Dirty Dozen* but spending all his spare time with animals. He bought a month-old wolf cub, Lik, raised the animal as a pet, formed an amazing bond, and spent much of his life living with the wolf in the mountainous wilds of Croatia.

It is not clear whether wolf or man learned most about the ways of the other, but eventually, after Lik had attacked Paul, who blamed himself, the wolf was returned to the wild with a mate and their cub. Then, at one of the regular meetings when Paul went back to monitor the

progress of the pack, Lik insisted on staying with his old human partner, abandoning mate and cub. In one way it is a tragic story which suggests that taming wild animals is wrong, but it is also an undeniably moving account of an extraordinary understanding between species.

That clashes with the first episode in a six part Channel 5 series called *Talking In Class* which looks at the training of teachers. This is yet another series using the cut-up technique, where you carry out umpteen interviews, cut each into small scraps, and

then stick them back together again out of order. At present this appears to be the rigueur. The people involved, mostly young - though one is a 48-year-old former factory manager and company director - seem well meaning enough. But it is difficult to know whether to laugh or cry when a young woman about to start her first day of teaching other people's children says: "I mean, me initial reaction was like, y'know, 'Oh no', because, erm, we just wanted, y'know, a normal comprehensive, y'know, girls and boys".

However, if you want to see the offspring of Cool Britannia at

play rather than work you need to watch *Hot Summer Love* under on Sky 1. The first in another new series, this one follows the pattern set by previous programmes which have shown the British holidaying in places such as Ibiza and the Costa del Sol, getting stuck into sun, sea, cheap lager and sex.

This time Australia is the main destination (not such an odd choice once you remember this is one of those rare original productions from Sky, chief shareholder R. Murdoch) though this opening programme is mainly concerned with Bali. Watching the tattooed lads from Maclefield getting "hammered", and the hefty lasses from Bristol tottering to another night club in their short, tight frocks, it is easy to find yourself turning into your parents, muttering "Dear oh dear" and "What do they think they look like?"

ARTS

The ambitions of Barenboim

Richard Fairman talks to the conductor and pianist about his career on the eve of his UK tour

It is more than 20 years since Daniel Barenboim was an everyday presence in London's musical life. The Mozart evenings with the English Chamber Orchestra, the Beethoven concertos with Klemperer, the tragic illness of his wife, Jacqueline Du Pré - it all seems as if it only happened yesterday.

Looking forward to his visit next week, Barenboim says that even now the thought of returning to London arouses different emotions from any other city. It is difficult to credit how complete his absence has become when he had been such an important figure here. Of course, a steady flow of recordings has kept up his profile and there have been fleeting appearances with other visiting orchestras, most recently the Chicago Symphony Orchestra. But one of the most dominant musicians of his generation has fallen virtually silent in the UK.

Over the next two weeks that is about to change. Between May 5 and 17 Barenboim and the Staatskapelle Berlin arrive in London to perform not only a complete cycle of the Beethoven symphonies, but also the piano concertos with Barenboim as soloist. As light relief, they are breaking off in the middle to go and perform the series in Paris. It could only be possible with somebody of Barenboim's twin strengths - versatile musicianship and driving energy.

It was that combination that recommended him to Berlin back in 1982. In the light of the recent furor over funding the Royal Opera in London it comes like a dousing of cold water to read

back on the terms of Barenboim's contract. The Berlin Senate agreed a salary of DM250,000, (\$22,500) plus DM24,000 extra for every performance he would conduct, three new productions and up to 30 performances each season being expected of him. The future capital of Germany wanted to have an opera-house of

'To consider classical music as elitist is to mistake what it is. Mozart did not come from a rich family, neither did Boulez'

international status. The city was prepared to pay and Barenboim was the man who could deliver. What he found when he arrived was, he says, a "sleeping beauty". Unlike Berlin's other two opera-houses, the Deutsche Oper in the west and the Komische Oper in the east, the Staatsoper under den Linden was little known outside Germany. "During the Communist period it had been a very conventional opera-house, used mainly as a venue for entertaining visiting dignitaries. It wasn't as adventurous as the Komische Oper and it didn't have the money to attract stars. But it always had its orchestra, the Staatskapelle Berlin, which was

founded in 1824. By this point it had become like a beautiful treasure covered in dust. Everything was basically there, but we had to work hard to revive it. The worst thing was that the players were demoralised. I don't want to sound arrogant, but I believe I took the element of fear - the worst burden of Communism - away from them."

Although not openly acknowledged, it was also important that the Staatsoper was in the east. West Berlin already had the Berlin Philharmonic, the city's number one cultural asset, and the decision on which opera-house was to get the money and attention had to even the score. Even now there are rivalries, though Barenboim says it is a complicated situation. "It does not help that Berlin was the only city that was divided. In Dresden or Leipzig everybody grew up together. Now everything that is done to improve life in east Berlin is done at the expense of the west and that causes tensions. I am sure it was easier for me to take this position at the Staatsoper because I was not a west German. I didn't come here with a triumphant western attitude."

If Barenboim runs true to form, audiences at the Royal Festival Hall should find the concerts are far from repressed by the dead hand of tradition. The Staatskapelle Berlin may have inherited the right, classical style for Beethoven ("the sound is so melodic, you can drive the players really hard in the 'Eroica' and 'Fifth Symphonies'"), but Barenboim is a spontaneous musician, who believes that music always has to be created afresh.



Versatile musicianship and driving energy: Daniel Barenboim

Reflecting on the differences between London and Berlin, he says he is puzzled by the swing against the arts in the UK. "To consider classical music as elitist is to mistake what it is. Mozart did not come from a rich family, nor did Beethoven, or Bartók, or Boulez. But if politicians take money away from music education, then it will become elitist, because there will be fewer people who grow up being interested in it. It is our duty, and theirs too, to make sure that young people are educated in classical music. Tony Blair has done so much to make the world

look up to Britain and I would expect him as prime minister to be aware of the importance of the arts and to set an example."

To go forwards in the arts, he says it is not only finance but also the will that is needed. "It's very easy to sit back and complain that there is no money - I do that! Well, I've been away from London for so long, who am I to say? But everybody has always argued there are too many orchestras and as a result everybody is clinging on to his own little corner in fear of what might happen."

For "will", read driving energy,

and we are back at one of Barenboim's prime strengths. In recent years he has used his high-profile position at the Staatsoper to set up the Berlin Festtage, a mini-festival held around Easter, which he says was his own idea. This year's programme included performances by the Staatsoper, the Chicago Symphony and the Berlin Philharmonic, most of them conducted by Barenboim, but his ambitions are bigger still: "In 2002 the Festtage will last three weeks and we will play all the Wagner operas, which I will conduct myself. Next year we have the premiere of a new opera

by Carter and I also hope that we can find a way to perform Britten's new opera on the Last Supper."

Is it surprising that Barenboim's name is mentioned as the next music director of the Berlin Philharmonic? Or that there is a rumour he may be invited to take over the Bayreuth festival? Who knows - with the kind of energy on display in London, he could probably manage both.

The Beethoven cycle with the Staatskapelle Berlin will be at the Royal Festival Hall from May 5 to 17.

Theatre/Alastair Macaulay

Broadcasting blues

Stephen Pollakoff's new play for the Royal Shakespeare Company, *Talk of the City*, is both over-ambitious and under-ambitious. At first, you think "Where on earth is this play going?" Later, however, you think "Someone please stop it going there; and someone please make it into a play."

Set in the studios of the BBC during the years 1937-39, its protagonist is Robbie Penacourt, a light-entertainment presenter/composer who is stimulated and challenged to broaden his talents. Successfully at first; then yet more successfully, at the end, however, success suddenly runs through his fingers like water.

For "over-ambitious", read "muddled". *Talk of the City* is about the exciting era when radio was still discovering its vast potential as a medium both for light entertainment and for serious news. It is also about the surveillance, censorship, xenophobia and racism that pervaded the early BBC

It is also about the surveillance, censorship, xenophobia and racism that pervaded the early BBC

preheated (Robbie only gradually realises how he could use his popularity to draw the public's attention to the situation of the Jews in Germany).

Pollakoff threads all this through an elaborate narrative. He embroils Robbie with various figures: Bernard, his German Jewish lover; Clive, an inspiring and ambitious BBC high-flyer, with fervent plans to use the medium to report seriously on the everyday condition of the German Jews; Daphne, Robbie's producer, invaluable in practical organisation but loyal primarily to the corporation and its rules; and Isabel, Clive's lover and Robbie's friend, a skilled observer who is increasingly agonised by the situation in Europe. These and others ought to give the play texture; to make it real. But, while we want to know more about each of them, Pollakoff

off keeps making each of them a mouthpiece for his mass of subject-matter. They are half characters, half ciphers.

For "under-ambitious", read "melodramatic". The more clearly we have learned since the war how to think about genocide and anti-semitism, the more we turn the anti-Nazi activists of the 1930s into Right people and the pro-appeasement or do-nothing people of the day into Wrong people. Which may be good for our values; but is bad for drama. During most of Act Two of *Talk of the City*, we can hardly miss which characters (however irritating) are Right, and which (however well-meaning) are Wrong. And a play which becomes Right versus Wrong is mere melodrama. *Talk of the City* is one of those plays that, eventually, leaves us in little doubt how we should think. This makes for leaden dramaturgy.

An incidental problem is one of period style. Pollakoff doesn't make his characters talk in strict 1930s period parlance; fine. But a few of his anachronisms grate. "We're processing it," says Isabel; "people won't empathise", replies Clive. These people have just been to see Disney's then new *Snow White*!

Pollakoff himself directs. David Westhead negotiates the set and actors in 1920s opulence, with the sole exception of Jourdain himself, whose excesses of costumeing stomp gleefully across all eras, styles, colours and even genders - Dame Edna Everage herself would balk at being seen in his "new frock".

Talk of the City is sponsored by JBA. In RSC repertory at the Swan Theatre, Stratford-upon-Avon.



David Westhead as Robbie with Sarah Markham in Stephen Pollakoff's new play for the RSC *Talk of the City*

Radio/Martin Hoyle

A step back from reality

The newspapers, and not merely the tabloids, have recently been much exercised as to the political views of Barbara Windsor. The vibrant *dishouse* has attended a New Labour dinner, throwing the thinking professions into a frenzy of speculation, given that she has always been a confirmed Tory. This is a fair indication of the cultural preoccupations of the public press a year into New Labour's golden age. After all, if Bob Dylan ranks with Keats (according to culture minister Chris Smith), then thespians, mimes, clowns, mummies and unicyclists are obviously the new ruminate classes.

The thought occurred to me on Sunday when distinguished (well, some time ago) actor Tom Conti was a guest on *Broadcasting House*. Another new grotesque perpetrated on Radio 4, this three thousand six hundred and sixty second plot through issues of the day is the ultimate in television's colonisation of radio. It is a breakfast show, a minimally flavoured, occasionally lumpy dish of porridge spiced up with vaguely famous guests of varying relevance. We Radio 4 listeners had always considered ourselves safe from this bland pap. No more.

Last Sunday's programme was presented by Eddie Mair, the latest manifestation of the Scots takeover of the media - which is all to the good, with the exception of the odd Lowland village dominie *mangé* who makes it to controller. Mair has a deceptively mild manner which never alters even when nailing a reluctant spokesman to a question that the spokesman would rather not answer - like the reported overcoming, in about a minute, of security measures in Downreay during a simulated terrorist assault on radioactive material. The spokesman squirmed, but Mair gently persisted.

Tom Conti's fellow studio guest was Esther Rantzen who occasionally appeared to forget that this was not one of her television vehicles. In fact both celebrities had good reason for being there, each involved with a specific question of the day (Esther's inevitably was what should be done with child abusers). The programme is too long to sustain tension, like the once worthwhile *You and Yours*, now such a ragbag. This is

less dumbing down than dulling down: lulling us into zombie-like acceptance of the droning loudspeaker.

The curious sense of unreality that results is epitomised by the aims of Friday's *The Message*. Whether the programme is well done or not is secondary to its alarming purpose: looking at "how current media trends affect our lives". Topics are discussed not as living issues but as fodder for the media, seen through a gauze, distant, detached. The old *Mediaman* took the media as its theme and held them accountable. *The Message* blurs the issues by taking the media's position as unsailable. One of the small boys convicted of killing Jamie Bulger, when told the toddler was dead, asked why he could not be taken to hospital and made better. This is the real danger of seeing everything through "the media". Not dumbing down; more numbing down.

Sunday's classic serial is *The Enigist* by George Meredith in a fluent adaptation by Jane Dauncey, oddly produced by BBC Wales from Bristol with plenty of West Region (as it used to be called) voices in supporting roles - June Barrie and Bill Wallis among them. James Wilby is rather good in the titled title-role, avoiding the trap of stereotyping his character as a wicked squire. The younger actresses sound almost the right class for once, but unsuitably stressed words occasionally suggest that they speak their lines without really understanding them. But when arts news in a programme ostensibly on culture refers to Stratford-upon-Avon, evidently more familiar with television commercials for American cosmetics than the rivers of England, nothing is surprising.

No, I tell a lie. "It looks as if I don't have any choice," said Shula in *The Archers*. It was the first time to my recollection anyone had used "as if" correctly in that rural saga. Even the educated ones like Jill talk like they had never been to school, like they know nothing of English grammar, or like their creators cannot be bothered. I felt like I couldn't believe my ears. The writer was Mick Martin, once a shrewd critic and promising playwright himself, and evidently impervious to the brain-rot endemic in writing for *The Archers*.

The changing face of the bourgeoisie

Martin Duncan's production of Molière's *Le Bourgeois Gentilhomme* in Jeremy Sams' new translation began life as an excuse for an opera. Richard Strauss's *Ariadne auf Naxos* was performed at last summer's Edinburgh Festival in the manner originally intended, as a *divertissement* mounted amid an abbreviated version of the Molière play.

Since then, the opera production has been revived, and now the full version of the play can be seen at Not-

tingham and later at Birmingham Rep.

Sams' translation is straightforward and occasionally robust: one of Monsieur Jourdain's hired cultural hands insults another with "You, sir, are a big girl's blouse!" and, during the "fake exotic investiture" scene, Jourdain is persuaded that, in the foreign gibberish being spoken by his deceiver, the phrase for "Thank you very much" is "Al yanast wat". (Try saying it aloud.)

As Jourdain, James Bolam maintains an innocent, dig-

nified indelicacy of the sort familiar from his finest television sitcoms; this is not the spluttering vulgarian of Timothy Spall's performance in the same role at the National a few years ago, but a man with a child-like trust that he will, eventually, be able to learn all the necessary social refinements in easy-to-digest chunks, if only he pays his teachers enough.

Beverley Klein (barely reaching to Bolam's outer) is as magnificent as ever at tart ridicule as Madame Jourdain, and Stephen Rash-

brook waffles nicely behind his false beard as the phony interpreter.

Tim Hatley and Jackie Galloway have dressed the set and actors in 1820s opulence, with the sole exception of Jourdain himself, whose excesses of costumeing stomp gleefully across all eras, styles, colours and even genders - Dame Edna Everage herself would balk at being seen in his "new frock".

Duncan aims for a performance style akin to that of a pantomime by Noel Coward, and at the risk of committing a Jourdain-

ism myself - one can only watch the standard "daffy old protagonist is tricked into allowing his daughter to marry her true love" *Comédie* plot so often before the time begins to sound over-familiar, whatever changes are rung upon it.

Nevertheless, Duncan and Sams know what they want, and they achieve it.

Ian Shuttleworth

To May 16 (0115 941 9419). Transfers to Birmingham Repertory Theatre May 29-June 20.

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HOW TO SPEND IT

Collecting

Lots to delight and divert the connoisseur

The art sales season is poised to open and New York is the place to be, says Antony Thorncroft

We are entering that time of year when art and antique dealers hope to clean up. The season of fairs, auctions, and major exhibitions is upon us.

The pace quickens next month with the Royal Academy's summer show opening on June 2. Days later come London's two most intriguing fairs - Grosvenor House, for connoisseurs creaming the market, and Olympia, for the serious antique shopper.

Critics notwithstanding, the summer show remains the traditional start to the London season and the biggest marketplace for artists. Last year almost 150,000 visitors fought over 1,300 works, most of which sold, for a total of £1.5m.

This year 10,000 entries have been whittled down to roughly the same number of exhibits, to be leavened with the offerings of the RA's. Anyone wanting a decorative, or indeed abstract, painting of some quality need look no further.

Grosvenor House is desperately trying to shed its elitist image, including Picasso, and going for World Cup topicality by offering, on Peter Nahum's stand, a rare painting of a football match by Michael Ayton depicting the 1982 game between Arsenal and Aston Villa.

But with most top British dealers, plus a sprinkling from overseas, making up the 86 exhibitors, the event invariably epitomises the glitzy end of the antiques trade, with an abundance of

Georgian mahogany furniture. In contrast, with more than 400 dealers offering everything from kitchenalia to a Titian portrait (at Richard Philip), Olympia definitely appeals to the masses. One new event next month is London's first antique carpet and textile fair, which opens on June 11 in Olympia's smaller hall. More than 80 dealers are taking part.

Anyone unable to wait until June to splurge, or invest surplus cash in art or antiques, should visit New York in the next few weeks or go to the Original Print

Grosvenor House is trying to shed its elitist image by going for World Cup topicality

Fair at the Royal Academy in London this weekend.

This month New York is the centre of the art world. The International Fine Art Fair opens at the Armory on Park Avenue on Thursday with offerings from 67 leading picture dealers, and there is a string of big auctions at Sotheby's and Christie's New York auction rooms of 19th, 20th century and contemporary art, which London can only gaze at.

The Fine Art Fair offers the biggest concentration of

picture dealers, with big names from London, such as Richard Green, Spink-Leger, and Agnew, showing alongside the Paris heavyweights, Schmit and Malingue, and local New York dealers in both Old Masters and Impressionists and moderns. Crane Kalman is a new exhibitor and is taking a Lowry, an artist enjoying a great price revival across the Atlantic. Malingue has, at \$2.5m, one of at least 10 paintings by Bonnard on offer.

There have been few deaths of the cultured rich in the US in recent months precipitating key collections on to the market, but with works worth over \$5m by Monet, Manet, Van Gogh, Picasso and more at Sotheby's and Christie's, the already strong demand for modern masters should go up another financial notch.

One of the key lots in New York is Lucian Freud's most famous painting, his 1982 portrait of his daughter Bella and three friends in the manner of Watteau, which is expected to make up to \$3.5m. At Sotheby's on May 14, it is being sold by the dealer James Kirkman in New York because of the onerous VAT tax burden (motivated by the European Union) which is starting to depress the London market. A British sale would add up to \$500,000 to Kirkman's costs.

Any fan of Freud with a more modest bank balance should visit the Original Print Fair. There Marlborough is offering the first public view of Freud's latest print, of his studio assistant



Pierre Bonnard's 'Femme descendant un miroir', one of 10 works by the artist being offered for sale with prices tags up to \$2.5m

David, which is priced at just \$7,500.

It is in an edition of 46. Apart from their refined aesthetic attraction, prints appeal to lovers of art with slim wallets, who long to own a work touched by a great artist.

In the murky world of prints, this fair offers

authenticity and respectability, with over 20 dealers offering works from Rembrandt to Rockney. And the high prices paid at Christie's in New York this week for prints suggests that some of the zealous bidding exciting the demand for paintings in recent months has rubbed off on prints.



Cyril Power's 'The Tube Station' is a linocut going on sale at New York's International Fine Art Fair

Last week Christie's took on the dealers in contemporary art. It held an auction which offered works by Damien Hirst, Rachel Whiteread, the Chapman Brothers, Gary Hume and other leading figures of the Brit Pack, and just about doubled the market value of most of them.

Suddenly a Sarah Lucas plastic model of a gesturing fist was worth £13,600; a Chris Ofili collage £10,935; a Chapman Brothers female nude decorated with penises £19,500; and a Gary Hume glass painting £16,600. One of Hirst's medicine chests sold for a record £188,500 (to Kelly Mahmud, the young Cork Street dealer) while Rachel Whiteread disposed of a plaster cast of a mattress for £76,500.

The dealers of these artists were not too pleased. They appreciated the fact that, with its vast publicity machine and gung ho catalogue, Christie's could promote these controversial, largely conceptual, artists to a much wider public; but they were upset by their loss of control over price levels.

Jay Jopling of White Cube is dealer to many of the artists, including Hirst, Lucas, and Hume. In theory he

should have been delighted that one of Hirst's many spin paintings sold for £71,500, more than twice as much as Jopling has been asking for similar works.

But he is not. "I would like the salerooms to show a

There have been few deaths of the cultured rich in the US to bring key collections on to the market

greater finesse in future. We are trying to build lifetime careers for these artists," he said. Such sudden price changes could be very unsettling. If the next spin painting to appear at auction sells for much less, Hirst's career could be damaged.

This will not stop Jopling raising some prices, but exposing such young, controversial, artists to the vagaries of the market, rather than promoting them through the exhibition catalogue of friendly art critics,

is almost as great a challenge as some of their art.

Ironically many works by the rude boys and girls of BritArt were bought by dealers rather than the new generation of private collectors at whom Christie's very blatantly aimed its catalogue. Demand is still thin.

If auction houses and dealers fight over new works by young artists it could open the door to that most pernicious and self-defeating of tactics - dealers using the saleroom to bid up and bolster the retail price of their artists.

Sotheby's is biding its time. "It's not our job to break new artists," says contemporary specialist Elena Geuna, although it has introduced a few young artists, notably Damien Hirst, into its sales. Unlike Christie's, which has rejigged its dates, it still prefers to stretch "contemporary" back to 1945 so Hirst's work can sell alongside that of his spiritual grandfathers, like Manzoni.

But with the salerooms, in their insatiable search for new markets, already dominating the trade in most other sectors of the art market, the time has obviously come when contemporary dealers must look to their eyes.

Weaving a new way through life

Wissa Wassef tapestries are more than just beautiful works of art, argues Michael Church



The loom is both refuge and artistic outlet for weavers

They glow from the walls of Middle Eastern banks and hotels; American museums queue to acquire them. What Gobelins was to 17th-century France, Wissa Wassef is to today's potentates. If the name is strange, so is this tapestry's origin, yet anyone may track it to its source.

As you travel west through Cairo's suburbs, the landscape is quintessentially picturesque - brightly clad peasants tilling the fields, oxen making slow progress under the palms. But it is also a vicious poverty trap: this is where fundamentalism seeks its recruits.

In the village of Harrania, in the shadow of the pyramids, I found the Wissa Wassef school: a scattering of white-domed buildings in a forest of palms. And there, on the walls of its "museum", were the scenes through which I had just driven, transmuted into woven cloth. Nearby were the artists who had created them: young men, middle-aged women, teenage girls, working three to a room in monastic austerity.

Ramada Ramadan, a shy 16-year-old with two works on the go - a hen and her chicks, and a group of hoopoes - said with a smile: "I have been working here since I was 13. I hated school; the teachers used to beat us all the time. All I can write is my name."

Her friend Saeeda also left because of the brutality, but could at least read the news-

papers. "I love it here," she said, "but I'm getting married after Ramadan, and I don't think my husband will let me carry on working."

Saeeda's mother, making a tapestry of rocks and shrubs in an adjoining room, has worked at the school since she was 10. "I made my husband agree to this before we got married," she said. "The good thing about weaving is that, if you are unhappy, it takes your mind off your troubles. And when you have finished, you can't

remember what was upsetting you."

Nadia, 12, never went to school. "That was a privilege for my brothers, but at least they taught me to write my name. I came here a year ago, and learned by watching the older girls. The atmosphere here is wonderfully peaceful. I sit and think before I start a piece, because I need a clear idea of where it's going."

Whoever we talk to, the message is the same. This is a refuge - from the oppres-

sions of employment, from the patriarchal constrictions of family life, from the pointless brutality of school.

A young architect, Ramess Wassef, founded the school in the 1960s, fearful that traditional crafts were dying out. "I had this conviction," he said, "that every human being was born an artist, but that his gifts could only be brought out if encouraged from early childhood."

He and his artist wife bought land in a poor village and spent two years getting to know the children. "I chose to teach them weaving," he said, "because it was an activity that involved a union of body and soul. Drawing, painting and modelling are not craftsmen's trades, while work in mosaics, ceramics, wood, stone and metal do not present the same balance between art and craft. Tapestry-making would provide the happy medium for the experiment I was planning."

They took their pupils on outings - to the banks of the Nile, palm groves, the sea, the sea - and an abundance of images began to appear on their looms. Wissa Wassef laid down three rules: no preliminary drawings, so that the act of creation was spontaneous; no imitation; and no interference from

adults. This was to be a journey into virgin territory.

"Flash of joy" when a child hit on an idea. The vaulted rooms of the museum were full of such flashes, but one seemed other things, too. The weavers work from the bottom of a tapestry, and the ideas grow visibly more complex towards the top. "When someone finishes a piece," said Ramess' daughter, Sux-

anna, "everybody joins in on the birds and clouds. The excitement is extraordinary."

She pointed out works of particular significance, such as the picture of a village devoid of people, with one house standing darkly apart. "That was by a boy called Shehata Hamza. A wonderful artist, but schizophrenic. This was his last work; the dark house is his own."

He committed suicide."

Another tapestry showed a crisis more happily resolved. "This is by a woman called Karima," she said. "She came to me and said her husband was taking another wife, and that she was too distressed to make anything beautiful. I told her to put her pain into her weaving, so she started a battle scene full of blood and bodies. After six months she was

emotionally exhausted, so she put in a pool for the soldiers' horses to drink from. The top of her tapestry is serene. That reflected the fact that she had come to terms with her husband's decision."

You couldn't wish for a more benign therapy. And since these artists receive a quarter of the price their creations fetch, they walk tall among their neighbours.

Prices of the tapestries vary between £20 and £15,000. Write to Wissa Wassef Centre, PO Box 57 El Harram, Giza 12556, Egypt. Tel + 2 3350 746; fax + 2 3352 272.

Summer Arts Guide

Saturday May 23rd 1998.

The Weekend FT proposes to publish a guide to the arts on May 23rd. This guide will provide readers with a vital index of arts events across the globe during the Summer '98 season, covering a full spectrum of arts events including: Festivals, Antique and Fine Art Exhibitions, Theatre, Opera, Ballet, Galleries and tours.

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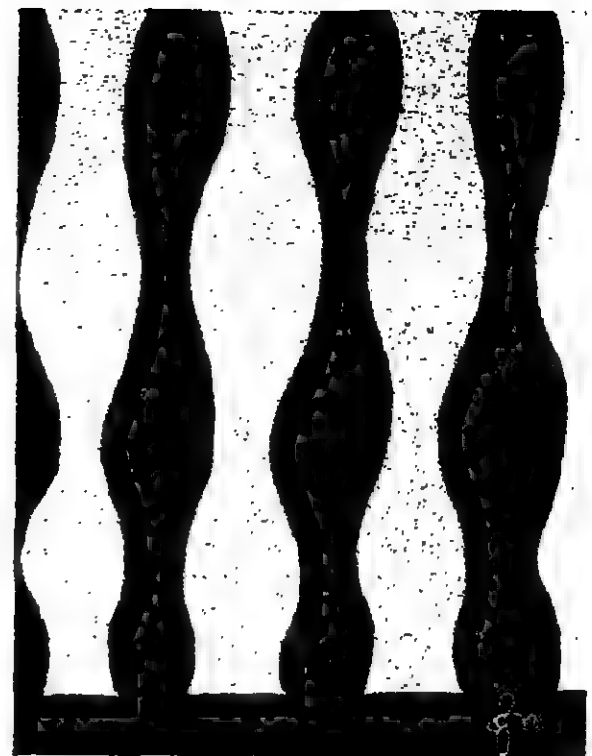
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How to Spend It



Orianna Fielding Banks gallery, Pure



Wool Wave rug, £375

Shops with lofty ambitions

Now chintz is passé, Lucia van der Post explains where to buy minimalism

Writing about modern design in the 1970s was an uphill task. The design was supported by a natural constituency of architects, designers and a few radical thinkers in the world of fashion and the media. By the 1980s it was rejected as dreary and austere.

Looking back, I can see why. Those in favour often had an irritating arrogance. Now, lamentable, they implied that anyone would want to furnish the way their parents did. But much of it was so solemn and unadorned. Thus, even the stars of the modern movement – the Bertolus, Le Corbusiers, Breuers – tended to be overlooked except by a small group with avant-garde tastes.

When the fun began with Joe Colombo's baseball glove chair, inflatable furniture, see-through Perspex, Gufum's visual puns, things began to look up. But just as the world started taking note, something strange happened – the high-spending Eighties hit us and in the home an entirely different cultural code came into play. Those with money bought into the country-house myth, the world of inherited furniture and wealth, filling their homes with chintz, clutter,

ruffles. And in the suburbs and cities, rag-rolled and stencilled walls, festoon blinds, obelisks and ormeau knocked spare and modern out of sight.

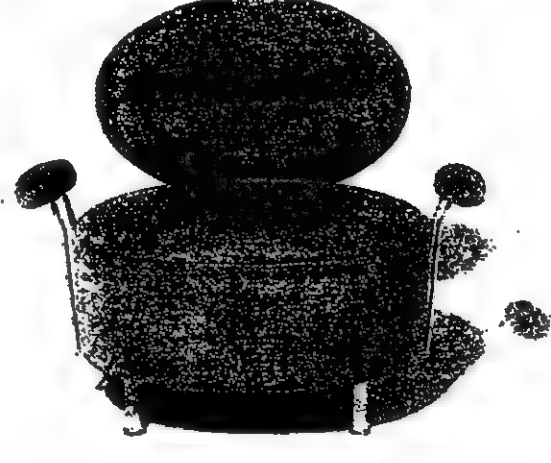
How we have changed today. The simple life has never been so chic. Modern is cool. Early modern (Le Corbusier, Bertola and even Ron Arad and Tom Dixon) hits dizzy prices at Sotheby's, Christie's and Bonhams. Prosperity and consumption are concealed and subtle. Instead of highly decorated designer plates, we buy plain-coloured ones. In place of silk Qu'ums there are stripped or painted floorboards.

At first glance it looks excitingly economical. It comes as a shock to discover that the current price of simplicity is at least as high as all the fakery of the 1980s.

For those whose tastes demand it and who can afford it, the good news is that there is now a host of exciting galleries and shops in London and the provinces where all these new ideas can be explored. Zeev Aram of Aram Design is no longer a lone oasis in the wilderness. From Westbourne Grove in London's Notting Hill, with Themes and Variations, Succession and Aero, to David Gill and The Courant Shop in the Fulham Road, to Purves and Purves



"Curve" chair – soft and metal frame, vinyl upholstery, metal legs and trim, £1,850



"Dodo" chair – beech frame/Novasuede cover, chrome legs, £1,850

in Tottenham Court Road, and SCP, Viaduct and Coexistence in the East End.

One of the latest of the designers to perceive that there was an ever-growing need for design services and furniture for the loft-living crowd is Orianna Fielding Banks who has just opened a gallery in the old Bank of England's printing works as a showcase for (mostly) her own ideas and furniture.

Like others before her, she realised that those who hankered after the "loft aesthetic" were poorly served. Orianna's new gallery, Pure, is there specifically to provide "all the essentials for

urban living". This does not mean it will all be rigidly of a piece. Besides her own furniture, rugs and glassware, there will be lighting designed by Claire Morgan of MOG, stainless steel baths and accessories from Submarine, and – *pièce de résistance* – a constantly changing selection and classic designs of the 1960s and 1970s.

Many of her own pieces reflect her passion for early modern furniture – her orb chair, for instance, she sees as a conscious play on George Nelson's marshmallow sofa. She aims to produce pieces that look essentially modern but are not so challenging you feel you will need to throw them out in a couple of years. She began her designing life in fashion and so is intoxicated with irreverent mixes of materials – she uses silks and velvets, Novasuede, Ultraleather, combines linens with real leather or with cashmere.

She has had the bright idea of introducing what she calls the "Loft Pack" – aimed mainly at those who actually live in lofts rather than those who merely sympathise with the aesthetic. The large, empty spaces in what were formerly industrial buildings are not easy

for the inexperienced to furnish. She offers three price ranges – for £4,950 there is a sofa, armchair, coffee table and rug; for £6,750 there is the same package plus an extra armchair, some photographic art or glassware. For £9,750 there are two sofas, two armchairs, a coffee table, rug, photographic art block-mounted or as a mobile room divider, glassware and light.

All these items can be bought individually and – probably most effectively – can be mixed with the odd antique or two. The great things about the new aesthetic is that there are no rules. But for anyone with doubts or hesitations Orianna herself aims to be there most of the time to offer her brand of design advice.

"So often," she says, "people come in thinking they just want a pouffe and then they leave with four sofas, three chairs and a cabinet – that's why it's important for me to be there." But – you have been warned – don't expect any of this to come cheap. As Orianna herself puts it, "Our prices are probably on a par with The Courant Shop – plus 10 per cent."

□ Aero, 96 Westbourne Grove, London W2; Aram Design, 3 Kean Street, London WC2; Coexistence, 388 Upper Street, London N1; David Gill, 60 Fulham Road, London SW3; Pure Contemporary Design, Ground Floor, 109 Clifton Street, London EC2; Purves & Purves, 80-81 and 83 Tottenham Court Road, London W1; SCP, 135-139 Curtain Road, London EC2; Succession, 179 Westbourne Grove, London W11; The Courant Shop, 81 Fulham Road, London SW3; Themes and Variations, 231 Westbourne Grove, London W11; Viaduct, 1-10 Summers St, London EC1

The source of cutting edge design

St Martin's has produced many of the best-known names in jewellery

If your idea of jewellery is a simple string of perfectly matched pearls, a precious stone or a chunky piece of gold from one of the grand international names, the exhibition at Central St Martin's College of Art and Design is probably not for you. Here is cutting-edge stuff – inflatable crowns and aluminium headpieces, wooden bracelets and gold face masks – the cream of the experimental work done by St Martin's staff and alumni over the past 30 years. This is jewellery whose chief distinguishing mark is its design content – not its worth or the status it

may confer on its owner.

Those who take the creative work of our young modern jewellers for granted may not realise the contribution made by St Martin's. When Brian Moore established its first foundation course in jewellery 30 years ago, the teaching of jewellery concentrated on technical skills. He restructured the course, putting far greater emphasis on design and creativity. The result was an outpouring of talent which has enriched the craft and jewellery world.

Most of the names associated with changing our perceptions of jewellery

came from St Martin's – Gerda Flockinger, Wendy Ramsay, Nicola Jamison, Gunilla Trean, Reema Pachachi, Caroline Broadhead, Susanna Heron, Wright and Teague, Tom McEwan – and the exhibition offers a wonderful opportunity to see examples of their work from across the years.

Perhaps most encouraging of all is the evidence that there is no sign of this creativity drying up. Already there are new names to conjure with – not all their work is very wearable but much of it is fascinating. Particularly worth looking at is the

cyber-punky work of the design duo, Jos Skeates and Ruaridh McIntyre, who have also opened a shop, econe (in EC1 naturally) at 28 Exmouth Market. Apart from their own work, which uses welded pieces, titanium and semi-precious stones as well as polyvinyl chloride for an inflatable headpiece, they also sell work by several other young jewellers from St Martin's and the Royal College of Art.

More creative people are moving into the area around Hatton Garden and Clerkenwell. Among those joining Lesley Craze near Clerkenwell Green are Wright and Teague, Jos Skeates and Ruaridh McIntyre. Anybody interested in the craft of jewellery could do worse than spend a Saturday morning exploring the area. What is fascinating is that the ethos of these more creative designers has spilled over into many areas of the jewellery world. Creativity, the mainspring of the best of the great fine jewellery specialists such as Cartier and Bulgari, is once more recognised as the way to move forward.

Many of the designers seen at St Martin's have won substantial

international awards working with precious materials as well as with more insouciant, less intrinsically valuable ingredients.

Though the exhibition is just that – a place to look but not to buy – business cards are well displayed that any jeweller whose

work captures your fancy can always be contacted later.

■ The exhibition is at Lethaby Galleries, Central St Martin's College of Art and Design, Southampton Row, London WC1. Mondays to Fridays until May 22.

LvdP



Silver mesh chain by Reema Pachachi, 1991-92



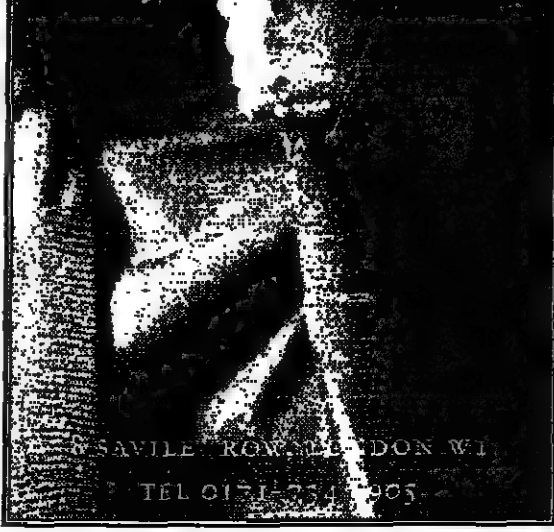
Nicola Jamison's silver and Perspex necklace, 1986



Tom McEwan's bold gold and silver gemstone rings, 1989

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FOOD/MOTORING



Russian meal, French accent

Nicholas Lander makes some intriguing discoveries in Helsinki

As soon as we had touched down in Helsinki the discussion began about where we were going to eat. I had been told that we were going to a Russian restaurant which would provide, I naively thought, the opportunity to eat the food of my forefathers. But I was promptly informed that was not how the chef liked to think of his restaurant.

His aim was to provide Russian food with a strong French bias. He attempts to replicate the food cooked at the court of the Tsar in St Petersburg at the turn of the century when all things French – language, etiquette, service, food and wine – reigned supreme.

On the aircraft, a senior executive with Nokia, one of the companies responsible for Finland's highest per capita mobile phone ownership and, no doubt, for many of those annoying mobile phones in restaurants, explained the culinary association.

"There is a tremendous interest in food and wine today in Finland," he said, "but because we have so little gastronomic heritage of our own we have to look elsewhere for inspiration. There are several Russian restaurants in Helsinki but all the chefs are Finns."

Samu Hiltunen is the chef at Alexander Nevski, a restaurant which occupies a corner site overlooking the harbour and the late 19th century timbered old market hall, today an indoor food

market selling such exotica as wind-dried reindeer meat and bear salami.

Hiltunen is only 29 but he has been cooking for 10 years in Helsinki and, most formatively he subsequently confessed, at various hotels in Switzerland where his passion for classic French cooking began.

First impressions of the restaurant are convincingly Russian: a balalaika player was tuning up near the front door; the waitresses wore

old-fashioned skirts and white blouses with puffed sleeves; photograph albums from pre-1917 Russia lay open on the way into the ornate dining room; inside the large menu was a map of St Petersburg revealing its canals, boulevards and imperial architecture.

The menu's opening page would delight any time-traveller from the late 19th century. Listed above even the various Russian vodkas was Louis Roederer champagne, the Tsar's favourite – although made in those days for a much sweeter palate. About 235 (340 Finnish

marks) buys Hiltunen's version of a menu first prepared for Tsar Alexander III on November 21 1888. It begins with rye bread and vendace roe, a sweet, freshwater fish found only in Finland's inner lakes.

The first of our five courses was a variation on this three different fish roe – whitefish, herring and bright orange smoked trout – served with sour cream and diced onion. What distinguished it were the crispest, lightest potato pancakes served alongside.

Then came a dish that would have graced any top French restaurant. Hiltunen has adapted the traditional Russian cobbler of salmon by replacing the fish with duck, leaving out the eggs and making the rice and pastry as light as possible.

In tune with modern culinary fashion, it was served on a richly reduced consommé flavoured with herbs. This was impressive cooking.

As in so many cases where chefs are constantly experimenting, the main course, fillets of freshwater zander (pike-perch) with sautéed fole gras and apples was disappointing. Each ingredient was well cooked but the flavours and textures of the whole dish were unsatisfying.

What was exciting was an accompanying galette made from white potatoes and a blue Finnish potato called conga, which turns purple when cooked. Blue is not a colour usually associated with food (in British commercial kitchens it is a col-

our reserved for the first-aid plasters) but this potato, which when raw looks like a cross between a beetroot and a fig, exemplifies how leading Finnish chefs are reviving foodstuffs on the point of extinction.

Two of the Finnish cheeses which followed, a six-month old local Emmentaler and a pungent, creamy blue. Aura Gold, were excellent and so was the dessert, a parfait made from halva, the eastern sweetmeat, alongside a pear marinated in cranberries. The acidity of the berries gave the whole dish a refreshing quality.

This was not the food my grandparents – who lived in impoverished Belarus before the first world war – would ever have eaten or even known about. But in Hiltunen's hands the historical culinary associations between Imperial Russia and the France of the Third Republic make for fascinating eating, particularly given the fine quality of so many of Finland's raw ingredients.

■ *Restaurant Alexander Nevski, Pohjoisesplanadi 17, FIN-00170 Helsinki. Tel: +358 9 639 616, fax: +358 9 631488.*

■ *Other Russian Restaurants in Helsinki:*

■ *Hariton, Kasarminkatu 44, +358 9 622 1717. Cozy and high quality cooking.*

■ *BelleVue, Rahapajankatu 3, +358 9 179550. Helsinki's oldest Russian restaurant.*

■ *Kasakka, Merituulinkatu 13, +358 9 135 8288. Russian bourgeois cooking.*

■ *Saitik, Neitsytpolku 12, +358 9 345 9700. Specialises in bear and game.*

The Atlantic Bar and Grill behind Piccadilly is supposed to be a good place for cocktails in London. The real treat however, is the beer.

The same might be said for the recently opened Mash in Great Portland Street. No surprise, therefore, to learn that it is the same man behind both places, Alastair Hook. He is brew master for Gruppo, the company which owns Coast, Mash and Air in Manchester, as well as the two above and possibly half a dozen similar ventures before we reach the next millennium – if the company's dynamic leader Oliver Peyton is anything to go by.

Hook is considered something of a maverick among brewers, treading a path between tradition and innovation. He has done his homework though. Having trained in brewing at Heriot-Watt University and then at the Munich Brewing School, he went on to work at Spaten and Kaltenberg breweries in Bavaria.

He eschews cask conditioned ale, for example, which sends shock waves

rippling through the likes of the Campaign for Real Ale, CAMRA, of which he is a reluctant member, preferring to work with the malt and hop characteristics.

"There is nothing wrong with cask-conditioned ale," he argues, "where the beer is fermented or packaged in immaterial. What I am looking for in a great beer are aromas and flavours, and I feel I can get them without casks."

He draws the obvious analogy with new world wine-makers, keen to utilise stainless steel and modern technology when it is appropriate. We are standing, not in some ancient brick-built brewery, but in the middle of Mash, surrounded by gleaming stainless steel and bright orange paint. If events in the US are anything to go by, this could be the future of brewing.

Experience there suggests there is a growing demand

from the public for variety in the beer we drink, a backlash against the unbearably bland offerings of tasteless, insipid weak so-called lagers.

We have vast access to an immense range of wines, why not beer?

Britain used to be a nation of brewers, originally brewing in much the same place as we cooked, in our kitchens. Pubs simply brewed more, and back in the mid-19th century there were more than 25,000 of what today we would call brewpubs.

Growth and specialisation led to today's situation – a few brewers and a few beers – but it looks as if change is under way. By the end of the month the Soho Brewing Company opens its doors in Covent Garden and there, too, you will be able to sample a selection of different microbeers.

So what is a microbrew-

ery? Although generally small in size, this is a crude measure which has proved unable to keep pace with developments in the US where some microbreweries are large.

'The beer, peach, is made in a similar way to a Belgian fruit beer but with British ingredients'

It is more an attitude on the part of the brewer. He, and increasingly she, is aiming to produce a beer with depth, balance, character, complexity and consistency. The beer sells on these attri-

butes, not on the marketing department's spin, or the lifestyle aspirations of its target customers. And this is part of the rub.

There are now about 300 microbrewers throughout the UK and the real task before them is to let the public know they are there.

Most are small, often family-run and they simply don't have marketing budgets. Thankfully, supermarkets and off-licences have realised the potential and increased the shelf-space offered to microbeers, most notably Tesco, one of the first to champion the small brewer.

If you cannot find what you are looking for, do not hesitate to ask the more we demand, the more we will be offered.

At Mash for example, you can drink a lager, fruit beer and a wheat beer. Hook is also keen on porter and particularly fond of India pale

ales – a style that until recently had all but disappeared. Both may well be brewed in the months ahead.

His brewing technique shows all the time to accommodate the inherent flavours and aromas of the hops and malt within the chosen style.

His Mash lager, for example, is fermented at higher temperatures than normal to provide a fruitier taste, while the fruit beer, currently peach, is constructed in a similar way to a Belgian fruit beer but using British ingredients. Hook says: "I want you to sit up and notice when you take a drink, not just wash it down your throat without comment, which just seems to me like a wasted opportunity."

The added benefit to all this is the suitability of partnering these beers with food. "The inspiration, the tradition we are all drawing on looks to the brewing coun-

tries of Belgium and Germany among others, where beer is held in as high esteem as wine, if not more so," says Hook.

Beer and food used to be part of the British tradition, but the blandness of many of the beers on offer means they cannot cope with a ham sandwich, let alone a ploughman's lunch. It is interesting, too, to look to America, where drinking beer and eating are part of a much more recent, but nonetheless established, tradition.

At a UK tasting of more than 40 micro beers the overriding impression was how interesting they were. Fruit beers (elderberry and raspberry), spice beers, coriander and ginger, even chocolate beers, had immense character and length. I cannot say I liked them all, but they were interesting.

Sitting down to a food and drink pairing at Mash in Manchester recently was an

eye-opener. Pizza is a natural partner with beer, the yeast in the bread readily linking with the yeast in the beer. A glass of Mash lager with wood-roasted quail, walnut, Doucelette and chicory pizza was fairly successful; the sage-roasted chicken breast and goat's cheese gnocchi with wheat beer a delight; but the glass of porter with chocolate marzipan and coconut sorbet was streets ahead of any of the sweet wines I have had thrust upon me in the past as a partner to chocolate.

■ *Brewery tours and beer tasting lunches are held at Mash in Manchester (tel: 0161-661-6161) and London (0171-587 5555). Mini bags for home consumption are available in London.*

■ *A few favourite British micro: Wasail 6 per cent (Ballard's); Reddish straw colour, fruity nose with a hint of old leather.*

■ *Summer Lightning 5 per cent (Top Back): Golden hue, strong hop aromas with a long, malty finish.*

■ *Freedom 5 per cent (Freedom): A Pilsner style lager with a bright, fresh, chewy biscuity quality to it.*

The little beers are biting back

Hugo Arnold considers the increasing growth of microbreweries in Britain

Just unrequited was what the Playboy Club ethos lives on. Those who went to them in their 1970s heyday – and I never had the pleasure – were waited upon by well-endowed young "bunnies". Guests who yielded to the temptation to do more than admire from a distance were thrown out and told never to return.

In the latest Jaguar, the Playboy Club ethos lives on. Car enthusiasts who enjoy being titillated and have \$50,000 or so to spare will be drawn to the new supercharged XKR as moths are to a candle flame.

But the staggering performance of this sports coupé – the R stands for racing – is almost illegal to contemplate and impossible to exploit. It leaps from a standstill to 50mph in 5.3 seconds and overtakes practically anything on the road in the blink of an eye. But for an electronic ignition cut-out, it would exceed 155mph (250kph) by a wide margin.

In Germany, you can lawfully open it up on a clear stretch of autobahn. Drive it anywhere else at speeds which enable you to get your money's worth and you will lose your licence and possibly your liberty. And if you do confine your XKR driving within legal speed limits, is there really any point in exposing yourself to constant temptation?

All of which makes me appear a po-faced sportsman, especially as I had a memorable time driving a brace of XKRs in Burgundy earlier this month. In towns and vil-



Dream machine: the XKR combines staggering performance with great refinement

Motoring

Lusty end of the line?

Stuart Marshall is utterly smitten by the incomparable Jaguar XKR

lages I stuck strictly to the speed limits. As to what happened on the traffic-free open roads, I refuse to be drawn. All I will say is that I am satisfied Jaguar has created a two-plus-two combining supercar performance and handling with refinement and ride comfort that verge on the miraculous.

Though competitive with some of the fastest cars in the world, it is not a rattling shake-your-teeth-out machine but a sports car that is also grand tourer for two people and not very much luggage. The rear seats are ridiculous. Think of them as a padded shelf for a couple of extra cases.

Standard transmission is a

five-speed automatic with manual shifting option supplied by Mercedes-Benz. It matches the supercharged V8 engine's massive 370 horsepower and torque (quill ing power) perfectly. It makes the XKR a posy cat to drive in town, but it leaps forward like a flesh and blood Jaguar after its prey when the right foot goes down.

Specially tailored to the car are ultra low-profile Pirelli tyres – a different one on each corner because their tread pattern is asymmetric and uni-directional. They combine huge grip and instant steering response with the ride comfort expected of tyres half their width.

Road roar is muted. Surprisingly, tarmac – the tendency of supersquat tyres to follow irregularities in the road surface – is not a problem.

For a sports car, the XKR is not too cramped and visibility is pretty good, though the shallow windscreen does take some getting used to after driving a more generously glazed executive saloon. Two models are offered: a hard-top coupé at \$85,300 and a convertible at \$88,300. The hard top is by far the nicer car. The soft-top convertible is reasonably quiet up to about 80mph but wind noise then rises unacceptably. Only a boulevardier would really want to drive

an XKR with the hood down though, surprisingly, Jaguar thinks the soft top will out-sell the hard top in Germany.

Fifty years ago, the first Jaguar XK-120 sports tourer had a 160-horsepower, twin-camshaft in-line six-cylinder engine and cost £1,288. It still looks wonderful, but a typical 1998 2.0-litre saloon would leave it standing at the traffic lights and less it on corners. In those 50 years the world has changed so much that the XKR may well be the last Jaguar of its kind. It has been made as environmentally friendly as possible, with a potential average fuel consumption – if driven at legal speeds – of

33.1 mpg (12.2/100km). This makes it less gas-guzzling than any competitor except the Porsche 911 with Tip-tronic transmission. And its exhaust emissions are 50 per cent lower than European Union regulations stipulate.

So why do I think the XKR is probably the last of the line? First, because in little more than a year Jaguar will launch its new S-Type, which will be a fairly high-volume product, designed to compete head-on with premium-price compact executive cars from Germany and Japan. And secondly, because 150mph two-seaters with rocket-ship acceleration make sense only while the autobahns remain free of speed limits. On this subject, Nick Scheele, Jaguar's general chairman and chief executive, is bullish. He thinks German politicians are as likely to fall in with the rest of Europe and limit autobahns to 130kph (80mph) as American politicians would be to vote for an environmentally desirable 50 cents or more tax on a gallon of fuel.

We shall see. My gut feeling is that time is fast running out for cars like the XKR, partly because the fact that a buyer has a fat bank balance or works for a company with an indulgent finance director is no guarantee that it will be driven responsibly. But – and I had better say this in a whisper – the morning I spent with two of them on the empty roads of Burgundy was pure magic. If the XKR is indeed Jaguar's last super sports tourer, it is unquestionably the best.

Auto stop-go puts a curb on pollution

When you stop at some of the red lights in Geneva, an illuminated sign asks you to reduce pollution by switching off your engine. A few seconds before the lights change to green, the sign warns that it is time to restart.

Sadly, not even the law-abiding Swiss take much notice of this sensible advice. Operating the starter every time you stop at traffic lights is something most drivers feel they can do without.

Volkswagen thought it had cracked the problem a few years ago with a special eco-friendly version of the Golf turbo-diesel. After idling for a few seconds, its engine stopped automatically.

A conventional starter motor operated when first gear was engaged. There were not enough environmentally-aware buyers prepared to pay the hefty extra price and the special Golf was dropped.

Now Citroën has come up with a more advanced version of the same concept. Dynalito, it claims, will revolutionise the way we drive in the next millennium, because it cuts fuel consumption and

emissions by 20 per cent, can boost power by 10 per cent and makes a car virtually silent at start-up.

The basic idea will be familiar to anyone who has driven a golf buggy. The engine starts when you press the accelerator, stops when you apply the brake, restarts when you press the accelerator again.

Dynalito cuts the engine after two seconds of idling in heavy traffic or at lights. Selecting a gear and accelerating fires the engine up again silently. The Dynalito, which doubles as a starter and alternator, also provides a modest performance boost by acting as an auxiliary electric drive motor when required.

Stuart Marshall

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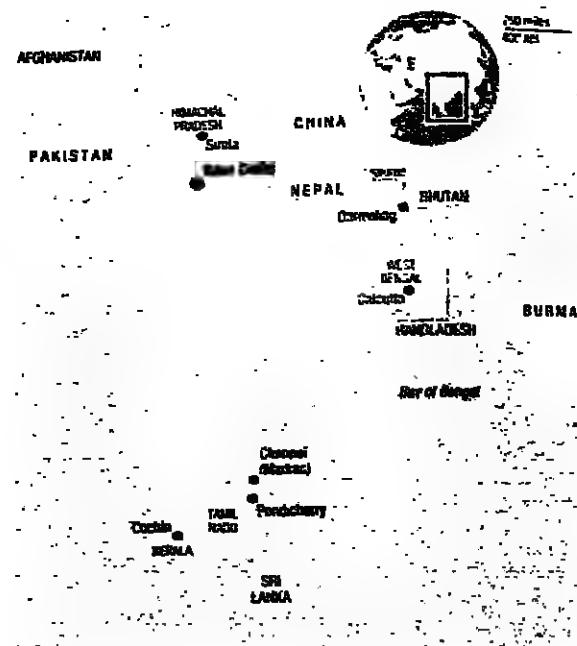
Time for chat and the crossword? A merchant takes a break from selling Darjeeling's premier product

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INDIA

'Even after the gruelling journey in the miniature train from Kalka to Simla, and more than 100 tunnels, you still have a little breath left to admire the site the British chose for their refreshing mountain air.'

Giles MacDonogh opens three pages on India by FT writers, with a visit to Simla and Darjeeling



They still like to gossip in Simla

The white man got hot and bothered in British India and, if he was wise, he took to the hills.

There were dozens of hill stations to suit his needs: Ooty and Kodaikanal in the south were two of the most famous in the Madras presidency; in the former United Provinces there was Nainital; Mount Abu served Rajasthan and Dalhousie the Punjab. For those who needed to stay close to the front of power, the choice of hill station was determined by the summer seat of the governor general or viceroy.

The governor general of Bengal patronised Darjeeling in the steamboat months; the viceroy, Simla.

Certain things were common to all the best-appointed hill stations: they had their hotels and clubs, where dances were held in season; and a broad mall where ladies and gentlemen could parade in fine weather and exchange goblets of scandal and gossip; they had their gymkhana and racetracks where meetings were attended with the same fervour as Ascot or Newmarket; there were also smart tea rooms and shops selling the latest European fashions.

The hill stations mostly attracted the British, but not entirely. Indian princes also maintained permanent establishments in the smarter ones, or rented for the season; and the richer landowning zamindars would also have joined in the fun.

The stations naturally took a tumble when the British left. In 1947, Simla was possibly worst hit of all: its function was too closely tied up with the viceroy, whose stone-bull "Jacobethan"

lodge still occupies the high ground on Observatory Hill, where it now serves the needs of post-doctoral researchers.

If you go down to Bishop Cotton, the town's best public school, you see how sudden was the change: in 1947 virtually all the leavers had British names; in 1948 half; the following year, one.

The new India struck at the maharajas next. The princely states were wound up only a few months after the British went. In the early 1950s land-reform sapped the

The army preserves some of the remaining character of life in the hill stations

wealth of the zamindars. There was no one left now to enjoy the high life associated with the hill stations.

Simla's Annandale racecourse limped on only a few years after the shooting of its steward.

Now, its stunning site at the bottom of the hill is used by the local army command as a heliport and golf course. Darjeeling's track survived into the 1970s, perhaps because the white tea-planters stayed on later, until the carps were pulled from under their feet by the devaluation of the rupee, anti-British trading measures, and the lawlessness associated with Naxalite terrorists in the late 1960s.

Like Simla's track, it has now been absorbed into army cantonments.

The army preserves some of the remaining character of life in the hill stations. "Officer for five years, gentleman for life," proclaims the television advertisement for short-service commissions.

The Indian officer won't eat with his fingers and is keen on clubs. In Simla the army maintains one in the green room of the Victorian Gaiety Theatre, where Kipling once performed amateur dramatics. The stage is in dire need of patronage and repairs. Eyes are turned to Britain.

In Darjeeling the Planters' Club survives by letting out rooms. Simla is now a town of more than 100,000 inhabitants and as many monkeys.

A new vocation was found for it when it was detached from the Punjab and made the capital of the state of Himachal Pradesh. With the organs of local government came armies of civil servants, and the urban sprawl has been spewed up into the valley below.

Even before this jerry-building, the British architect Sir Edwin Lutyens thought that the place had been put up by the apes: "What wonderful monkeys - they must be shot in case they do it again."

The renewal of Simla has meant that many of the old wooden structures have been pulled or simply fallen down. Fire is a terrible hazard in the place where the electricity has a tendency to overload. Gone is the first viceregal lodge or Peterhof, where Kipling was a frequent guest; vanished is Kitchener's Wildflower Hall; Auchinleck's Eastbourne Lodge has been remodelled

out of recognition; Davecos with its famous dance floor is now a poignant gap in the Mall (the ballroom has become a roller skating rink; even Kennedy Hall, Simla's first "pukka" residence, went up in smoke).

Simla and Darjeeling are worth it for all that. Even after the gruelling journey in the miniature train from Kalka to Simla, and more than 100 tunnels, you still have a little breath left to admire the site the British chose for their refreshing mountain air. In Simla's Christchurch the congregation still sings from 100-year-old hymnals and the Mall and Ridge still preserve some of the elegance of the old days. In Maria Bros. there is an excellent antiquarian bookshop. Farther down the Mall is a photographer's studio with lovely wartime wedding snaps with proud men in khaki.

Simla, however, has retained no institution such as Darjeeling's Glenary's, the successor to the Austrian Adolf Pliva's famous coffee house which flourished between the wars.

Darjeeling still makes a little effort, but much of Simla's gentility has gone. It has to be said that gossip is still as rife in Simla as it was in Raj days. Something I have no recollection of saying was acrimoniously dished up to me over breakfast just before I left, leaving me quite bemused as to what tortuous route this reported speech had taken. Then I recalled the quip of a British administrator a century ago: "You cannot sleep nights in Simla," he said, "for the sound of grinding axes."

Giles MacDonogh's visits to Simla and Darjeeling were arranged by Greaves Travel. Tel: 0171-457 5687.

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The Grand Hotel

A genuine passion for style

Since the British packed their bags in 1947, Simla has shed most of the luxury hotels that accommodated the overflow during the season.

The summer capital of the Raj used to have quite a few: Sandys, the Longwood, the Goodwood, Connell's, the Metropole, the Central, the Glenarm and the Imperial. The Grand is still there; it is now some sort of government guest house and from what I could see, out of season it is chiefly frequented by the town's large population of brown monkeys.

Some hotels have been created since Indian independence - indeed, they include two of the most interesting ones, Woodville Palace and Chapelle. The former is still the home of the Maharaja of Jubbah, who lives on the first floor, while his guests inhabit the ground and second.

The rooms have a reassuringly dated feel to them, especially the roomy royal suite. Downstairs there are photographs of old Hollywood stars inscribed to the late maharaja, fine china, silver and glass, antique furniture and lots of dead tigers and other wildlife calling out to you from the walls.

Jubbah intends building another 13 rooms on to Woodville, which might just

threaten the old-world charm it now possesses. Kanwar Ratanjit Singh at Chapelle has no such plans. He too is the scion of a princely family which purchased one of Simla's oldest houses from the family of the banker Sir Arthur Ker in 1938. As the furniture had been dispersed, the Kapurthala made up the loss by plundering the palace.

Chapelle is a treasure. The house and its six suites represent a priceless collection of antiques and objets d'art. Singh has done no more than rip out some of the bathtubs, as, he explains, Simla is chronically short of water. It is worth eating with Singh: he is quite an authority, especially on the Moghul food which he serves guests in the evenings.

These are small businesses. Travellers wanting the facilities offered by large hotels are thrown back on the hotels owned by the Oberoi group: Clarkes, the Cecil and soon Wildflower Hall - Kitchener's old residence, which burned down a few years back and which is being rebuilt as a pastiche of its former self.

While Clarke's is the most attractive hotel in the centre of Simla, with a largely unspoiled patina acquired since its construction at the turn of the century, the Cecil, along the Mall, is now

the only place Simla can call a grand hotel.

It dates from much the same time as Clarke's, having expanded originally from the Tendris next door, once the home of the Kipling family. For the first 40 or so years of its existence, the Cecil housed civil servants and their people, up from the dusty plains to cool off in the mountain air; Indian princes and rich zamindars who had no permanent

The year 1947 marked a downturn in the hotel's fortunes

home among Simla's deodar trees; and various bigwigs from England who were not quite big enough to stay at the nearby Viceregal Lodge.

The Cecil first achieved notoriety in the summer of 1945, when delegates to the Simla Conference convoked by Lord Wavell were put up in the hotel. They transformed it into a "local tower of Babel". Gandhi went elsewhere with his guests, but the Moslem leader Jinnah was there and it was in Simla that he finally put

paid to the idea of an independent united India encompassing what is now India, Pakistan and Bangladesh.

Two years later the Cecil was once again a hive of activity when Sir Cyril Radcliffe's commission reported to Simla to pen their report on the boundary divisions in the Punjab which would decide the line of that Indo-Pakistan border. Neither Simla nor the Cecil, however, may be blamed for the mistakes they made, or the ensuing bloodbath.

The year 1947 marked a downturn in the hotel's fortunes. For many years it was the home of one of the town's last white residents, Stella Mudge, the morganatic wife of the Maharaja of Kapurthala who used to be a familiar figure on the Mall dressed in a beret and pushing a shopping trolley.

Mohan Singh Oberoi, the founder of the group that bears his name, started his career in Simla in the 1930s. A sentimental attachment to him in favour of upgrading his Simla properties, starting with the Cecil. The changes have not been made without controversy. They involved the complete rebuilding of the derelict Tendris; the construction of a swimming pool and beach centre; some changes to the facade of the building; and, more impor-

tant, the roofing over of the interior courtyard to form an "atrium" and the splitting of the old ball-court-dining room to create a restaurant and conference rooms.

The creation of an atrium was dictated by the need for a hotel able to attract guests all year. In the past the court had been open to the elements. Most of the suites have been broken up, too, to create plush, air-conditioned rooms with stunning views of the mountains and valleys. The same view may be had from the modern dining room, where the chef espouses a successful menu of western and oriental food.

The new Cecil may have been to some extent created at the expense of the old, but Oberoi has Simla's interests at heart: he seems to have been genuinely interested in recreating something of the Simla style.

Giles MacDonogh travelled with Greaves Travel. Ten nights, including return flights with British Airways. Internal flights, trains, transfers, a guide and accommodation, including The Oberoi in Delhi and The Cecil in Simla, cost from £1,829. Reservations on 0171-457 5111. A standard double at The Cecil costs from £101. For further information call Oberoi Hotels on 0800-962096.

Giles MacDonogh

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TRAVEL

Welcome to Cochin, gateway to water world

A morning stroll through dusty streets made John Westbrooke want to see more of Kerala

Is there any view as wonderful as a harbour view? Just below my hotel window in Cochin is a working harbour, with boats coming and going all day: barges, yachts, ferries, canoes, liners and tugboats with salt-caked smoke stacks, tankers, tugs, trawlers and tramps.

Water hyacinth forms and reforms itself into sinuous curves on the surface, driven by competing wakes and tides. Dolphins curl in and out of the water. And I can see it all from my bed in the Taj Mahal.

The Malabar coast, in India's south-west, has been at the hub of trade routes between east and west for centuries: gold, silks and spices, especially pepper. But the heyday of Cochin (now Kochi) as a port began only in 1841, when the course of the Periyar river changed to create the harbour.

It is nearly 500 years, May 25 1498, since the first recorded visit by a European, Vasco da Gama, who landed up the coast at Calicut. (This is now called Kozhikode, pronounced much the same but no longer recognisable as the home of calico.) Only a small monument, outside a house near Kappad beach, marks his arrival: the Europeans were after all merely the latest of

a long line of outsiders to impose themselves on India. Cochin claims many earlier contacts with the world. The church of St Francis, built by the Portuguese and rebuilt by the Dutch, dates from 1516 and is said to be the oldest European Christian church in the region (da Gama's tomb is inside, though his remains were later taken to Lisbon); but St Thomas, one of the 12 disciples, is said to have arrived here 20 years after the crucifixion.

As for the Jews, there is evidence that they were here not much later. Except under the Portuguese, they were well-treated and prosperous. Most have now gone to Israel, leaving their 1761 synagogue in the old quarter (still called Jew Town), its floor covered in hundreds of hand-painted willow-pattern tiles, to be kept up by the handful of remaining families and tourists.

Other places of the past can be seen among the spice shops and antique emporia: a short stretch of the wall of the Portuguese Fort Cochin; and the Dutch palace, which has richly detailed murals from the *Ramayana* and *Mahabharata*, the great Indian epics, on the walls.

But, after a morning stroll through the dusty streets of old Cochin, I



'Chinese' fishing nets dry out on the sea front. Said to have been introduced by traders from the court of Kublai Khan, they are 20ft wide on a triangular frame

Hulton Picture Library

wanted to see more of the water. Kerala state is famous for its backwaters, a network of bays, rivers and canals which runs down the coast. For Rs1,000 - about £15 - I hired a boat for three hours.

It was 30ft long, and I was the only customer, along with three crew - a staff-pinger ratio which would have done Britain's late royal yacht proud.

We cruised around the harbour mouth, and out past giant Chinese fishing nets. Said to have been introduced by traders from the court of Kublai Khan, they are 20ft

wide on a triangular frame, and need three or four men heaving at a counterweight to get them in and out of the water. I watched one raised: two fish, which would barely provide the calories required to lower the net again.

The fish these days are farther out to sea, and an armada of fishing smacks was in pursuit. We left them to it and sailed back inside the bay. The air was hot and silent, apart from the occasional yanking caw; the water, edged with coconut palms, lay still.

The boat glided past occasional villages where people

fished, laundered, tilted. Mothers lifted their babies to wave to me, doubtless impressed by my petardian solitude.

Or perhaps they hated it. Kerala is ruled by communists, freely elected. They have brought 100 per cent literacy and a telephone in every village, but it is still a poor, densely populated place, and it felt uncomfortable sprawling past them alone on a boat built for hundreds. I compensated in the usual way, by over-

plunging. The next day I travelled further afield, heading for Mankotta Island Resort in the backwaters to the south.

Away from the bay, the canals are narrow and overhung by trees - suddenly widening to frame a village built around a Gothic church, then shrinking again to wind through palms and paddy fields, past somnolent ducks, nut-brown Tamils lathering themselves in the water, and even a working elephant or two.

It would be easy to get lost in this lush, jungly landscape, and my speedboat

pilot quickly did so. But after a couple of humid hours winding through waterways we found our way to the resort, a solid family home and working farmhouse owned by Jai and Lella Chako.

In the evening, they sat out with their six guests, proffering gin and talking about India. At 8pm sharp the power went off for half an hour, and the warm night air was lit only by distant lightning and fireflies.

We dined indoors on home cooking, served on banana leaves. Jai's son played guitar while the rest of us

hummed along to Beatles songs (will we be the last generation to have a common heritage of singable songs known from Kensington to Kerala?), and Jai sang *Home on the Range* - the Isaac Asimov version, which is much funnier.

John Westbrooke travelled to Kerala as a guest of Western and Oriental (+44 0171-221 8677), who can book you into the Taj Mahal and Mankotta Island. Trips can be tailor-made: a fortnight starts at around £2,000. Living is cheap but avoid March to October, when Kerala is very hot and wet.

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TRAVEL

Maitre d' looks just like Sidney Greenstreet...

David Spanier finds more than a touch of Casablanca's atmosphere in Pondicherry

Sitting in the shade of a sun-baked terrace, sipping a glass of chilled Pouilly Fuisse, may not seem a typically Indian experience. But the new road south from Madras has brought it within reach by opening the way to one of the most seductive spots in southern India, Pondicherry.

The former French colony is not really Indian in style but a combination of French and southern Indian influences - which is what gives it its appeal. Pondicherry is probably on the cusp of becoming a big tourist attraction, thanks to the new road, which has cut the journey from Madras (now known as Chennai) to under three hours. It might be as well to visit the town before the back-packer crowd discovers its laid-back charms and makes the place its own.

Beyond the tourist attractions, the side streets of Pondicherry are filled with languid white villas, rather like the becalmed summer residences you find above Nice or Cannes. Behind wrought iron gates, little courtyards or a fountain hint at long siestas, away from the heat and dust of town. One or two curio and antique shops offer an assortment of colonial style furniture - high wooden cupboards and dark sideboards, carved chairs and gleaming bureaus, curving chaise-longues - just waiting to be snapped up by collectors or, more likely, enterprising hoteliers. It is certainly tempting to have such elegant period pieces, so redolent of *tempo perduto*, shipped straight back to home in England.

What is more, wherever two or three Frenchmen settle down, there is supposed to be a little French restaurant. In Pondicherry Le Club Français offers pleasing Franco-Indian cuisine, served in a leafy roof-garden. Silver fish, caught that morning in

the azure Bay of Bengal, make a refreshing change from curry or vegetable thali, good as the local dishes are.

The more ebullient *Rendezvous* is a bustling place, with a full menu, run by a large and affable maitre d' bearing a striking resemblance to Sidney Greenstreet in the film *Casablanca*. He says he learned to cook in a different port, Liverpool.

All this, the indulgent side of Pondicherry, is not what the guidebooks talk about, for indeed

The prevailing spirit is far removed from the great temples of Madurai or Trichy, the highlights of any Tamil Nadu tour

there is plenty to see. The capital of French settlements in India up to late 1964, Pondicherry divides neatly into halves.

The "White Town" is the former French colonial quarter, where the white-pillared governor's mansion, looking out to sea, sets the style of faded elegance. It stands on the edge of a fine park, filled with shady trees and wooden benches, where the weary tourist, or local families with young children, plus a few ragged supplicants, may drowse the afternoon away. A statue of Gandhi stands at the main entrance, facing the administrator Duplex. In mutual salute. This is a place which respects its past.

The Pondicherry Museum in the former government library has a collection of bronzes and sculptures, arms, arts and handi-

crafts reflecting French India. Although the town changed hands between the English and the French nine times in the early 18th century, little evidence of the English tenure remains. A sumptuously appointed French drawing room, dining room and bedroom, including Duplex's bed, remind one how completely the colonial administration transported domestic life to India.

Across the canal is the "Black Town", which offers a busy Indian scene of small shops and street vendors, without the overwhelming press and traffic jams of Madras. Of particular note is the paper factory. This is a series of workshops producing writing papers, notepaper and wrappers and folders, all made by hand, in pastel colours. They make pleasing souvenirs or presents.

The prevailing spirit of Pondicherry is far removed from the stupendous temples of Madurai or Trichy, which are the highlights of any tour of Tamil Nadu. Instead, it is colonial-Christian, dominated by two churches.

The Church of the Sacred Heart of Jesus, in 19th century Gothic style, is impressive. Its central courtyard is flanked by a pair of white towers. Stained glass, in rather garish colours, casts a ruddy light over the interior, where one or two faithful may be seen, praying with the same intensity as the devotees in Hindu temples.

The Eglise de Notre Dame de la Conception, begun in 1691, is plain and perhaps less appealing. Another church, the Eglise de Notre Dame des Anges has a fine painting of Our Lady of Assumption presented by Napoleon III.

Pondicherry boasts another religious centre, in altogether different style. This is the celebrated Sri Aurobindo Ashram, founded in 1926, one of the most popular in India, dedicated to the teachings of the sage and poet, Sri Aurobindo Ghosh. Its heart is



A typical street corner in Pondicherry breathes a heady blend of France and India

a smallish garden, set off a busy street, massed with flowers and plants in green and pink abundance. Any passing visitor can seek solace from the tourist grind in a few minutes contemplation. The shrine is certainly more

appealing than the aggressively modern Auroville centre itself, still under construction, a few kilometres outside the town, where a growing international community promotes the teaching of the founder's principal dis-

ciple, known as the Mother. It attracts numbers of young followers seeking education and enlightenment.

The Mother's continuing influence is shown by the display of her photograph in shops and

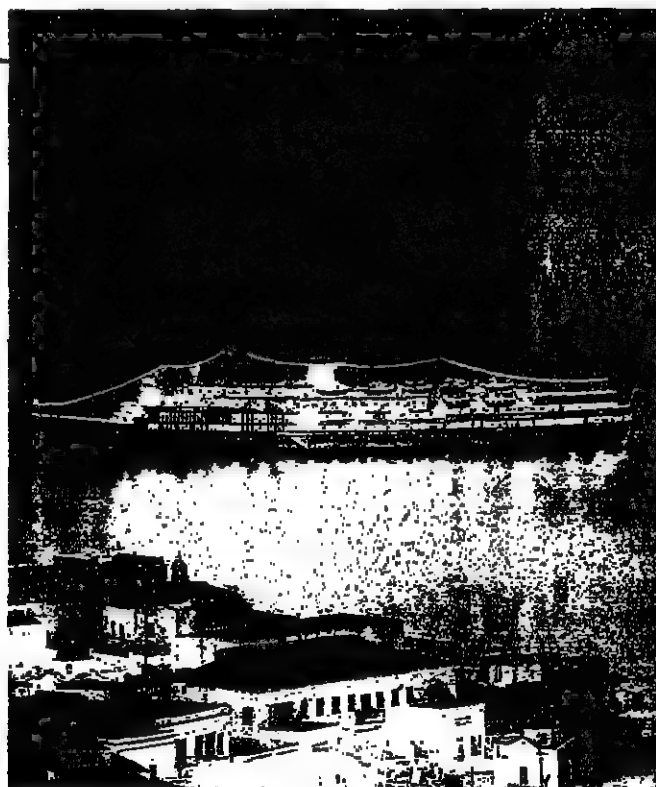
buildings all over town. The abiding experience of Pondicherry, however, is French-colonial.

For those who enjoy a break from heavy tourism and temple culture, it is highly recommended.

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Real finger food

Nick Haslam samples some Bengali cuisine while in Calcutta

The waiter must have seen my look of despair at the absence of cutlery for he quickly returned with a spoon.

Rana, a London-educated accountant, laughed as he skilfully sculpted a ball of rice and fish with his fingers and popped it into his mouth. "Bengali food", he said, "always tastes better if you eat it with your hands."

We had come to Suruchi's, on Elliot Street, a 10-minute walk from the city centre of Calcutta along a street cluttered with rickshaws, taxis and trams. The simple restaurant, run by a charity for destitute women, has a reputation for providing the best Bengali food in town.

My friend Dipali, a leading artist in the city and no mean cook herself, patiently took me through the list of food displayed on the menu and ordered a selection of dishes.

Within minutes, a procession of thalis, round steel trays, was placed before us. Arranged on a banana leaf - that most environmentally friendly of disposable plates - stood a circle of small steel dishes and bowls.

Observing Bengali etiquette I started with the dish on the extreme right, and should strictly have eaten my way anti-clockwise around the circumference of the tray to the last sweet dish on the left. But as a beginner, I soon gave up on the sequence, especially as my three friends proffered tidbits urging me to try this or that particular delicacy.

We started with *hilsa*, a freshwater fish much prized in Calcutta, but full of fine bones. Dipali showed me the approved method of eating and, following her instructions, I abandoned my spoon, dipped a small piece in a glutinous mustard sauce, and then literally sucked the flesh away from the bones, which remained like a delicate filigree in my hand.

It was delicious, the sharp tang of the sauce contrasting well with the delicate flavour of the fish. We ate *puris*, light balloons of fried dough, and I came to grips with *pabda*, the large Indian butter fish, which had a slightly muddy taste, and my favourite dish of the



Making breakfast Bengali-style

meal, *rahu machher jhoi*: pieces of fried carp in a rich spicy vegetable sauce. As we ate, Rana told me of his uncle's wedding 30 years ago, when more than 50 fish dishes had been prepared by a small army of cooks. "So much of Bengal is taken up by the delta of the Ganges; our rivers and ponds are literally teeming, so it is hardly surprising we dote on fish."

We finished our meal with *mishly doi*, a succulent sweetened yoghurt in little earthenware pots which made a cool contrast to the spicy fish and then paid our bills. The total meal for four people came to Rs550, about \$8.

Strangely enough, most big hotels in the city do not serve Bengali food. But the air-conditioned Aheeli restaurant in the Peerless Inn, a few metres away from the thick traffic and choking pollution of Jawaharlal Nehru Road, Calcutta's equivalent of London's Park Lane, specialises exclusively in Bengali cuisine.

I caused a slight stir of amusement by asking for a cold beer, to be told by the waiter that alcohol was not served in this restaurant, but that I could have *jaoz jera*, a bitter aperitif of fried cummin seed, lemon and water.

Palate suitably sharpened I followed this with *sukto*, a slightly sour dish of aubergine, gourd and plantain, disdaining knives and forks, and eating, like most of the other diners, with my right hand.

This time, my culinary guide was Ventak Ramaswamy, town planner and gourmet, who insisted I try

first an intriguing package holding pride of place on the tray. This was *fish macher paturi* and I peeled it open to reveal golden *hilsa*, cooked in mustard and turmeric in an envelope of banana leaf which gave the fish the slightest smoky flavour.

We then progressed to *chital muthia*, which I had been forewarned was the most bony of the Bengali river fish. But this had been painstakingly deboned before cooking, and then the flesh mixed with potato purée, ginger, garlic and chili, and cooked together into golden balls which melted deliciously in the mouth.

We finished with *rasburi*, a sweetened dish of curds and, as we waited for the bill, Ramaswamy said: "We Bengalis are like the French: always thinking of the next meal before finishing the one we are eating."

True to form he then invited me to lunch the following day at a *piece* hotel, a place where office workers eat excellent Bengali food at very low prices. Alas, my flight would leave for London that evening and so I had to decline the kind offer.

■ *Suruchi's*, 89 Elliot Street, Calcutta.
■ *Aheeli, Peerless Inn*, 18 J.L. Nehru Road, Calcutta. Tel: +91 33 226-0301.

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PROPERTY



Cementing a relationship

Andrew Anderson tells how he organised the renovation of his warm-hearted 18th century home

It was the well that almost sank me. It was a splendid well: brick-lined, deliciously dark and musty. But it lay where the foundations for the house extension should have been. The 19th century Jerry-builders had simply popped a couple of planks over it and built two storeys of bricks on top.

"Don't worry," said Brian the Builder, fanning me back to consciousness with a suddenly inflated bill. "If it has stood for 200 years it's not about to fall down now."

He poured a large Scotch down my throat, 17 sacks of concrete into the well and relieved me of my chequebook, all in one practised move. No wonder they say the five most terrifying words in English are "We've got the builders in."

Well, some builders, anyway. Forget bank managers or mothers-in-law. No relationship is more fraught with potential danger than that between a man and his builder. I was lucky. Other people have builder horror stories. I had a builder romance - cemented when he took to bringing me tea early in the mornings.

The buyer-builder relationship is key to all those contemplating the renovation of ancient, crumbling... sorry, character properties.

Our new home, in a peaceful Thames-side village somehow spared the sprawling clutches of London's suburbs, qualified on all three points.

Dating from the 1730s, it had served variously as a coal merchant, grain merchant, dentist's surgery and family home. It looked dated but defiant, shabby but far from forlorn: cold in temperature but warm at heart. It was love at first sight. Only later did we discover the only reason the house was still standing was that the beetles in the roof were holding hands.

But, as Brian the Builder told us, rubbing his hands and already planning his next trip to St Lucia, anything can be fixed. So what if

the floors varied in height by three inches from end wall to end wall? What did it matter that half the electrical wiring consisted of crocodile clips attached to live lead cables? And as for the rising damp behind the pantry - well, the mushrooms seemed to like it. It had character.

But you know how it is. The garden was part-walled; the bay window had floor-to-ceiling shutters; they played cricket on the green and there were five pubs and an Indian restaurant within walking distance. It was ours in nine weeks.

Nine months later, we were considerably poorer and a lot wiser (but thankfully, not sadder). Renovation is rather like standing in a skip and tearing up £10 notes, and a bit of forethought can save you a bundle.

First rule: find the finest builder in the area, preferably by recommendation, and be prepared to pay for the privilege. There is no such thing as a cheap builder, only expensive mistakes. A good builder has a reputation to protect, and through him you can source the best carpenter, plasterer, tiler and so on, saving you time and angst, and, in the long run, money.

Second rule: don't panic. If a house has stood for 300 years or more, the original builders probably knew what they were doing. Bring your property gently into the 21st century, but don't modernise just for the sake of it.

Remember, above all, that buildings, like people, need to breathe, to expand and contract, in comfort and unrestrained. Old mortar and bricks do this, as do clay panellies. Even modern plastic drainpipes creak and groan happily in hot weather. The trouble comes when modern life lends a "helping" hand and covers breathing surfaces with plasticised, impermeable material which locks in moisture and restricts movement. Third: don't rush your decisions. All houses need to be lived in - even in mild

discomfort - before deciding which wall comes down. Hasty choices make for lengthy regrets.

Fourth: If your crumbling pile has more twists and turns than an estate agent's vocabulary, don't fight it. A plumb-straight line, smoothly plastered wall or crisply pointed brickwork can stand out like a sore thumb in an older house. Rough plaster, distressed wood, wonky joints and corners are sympathetic. They are also cheaper - and a lot easier to achieve.

Remember the details that can make life under the hammer a lot easier. Above all, there is dust.

Renovation is like standing in a skip and tearing up £10 notes. Forethought can save you a bundle

Building work creates more dust than you would believe. Anything you don't need in the house, move out - to family, friends or a storage company. Floors can be swept, shelves wiped. But books, papers, or clothes are dusty for life. Save the cardboard cases from removal day and box up everything you can. Tape plastic sheeting over every bookcase. Pile important paperwork in box files and seal with tape. Try to keep one room a dust-free, sanity-saving zone.

Our lifesaver was called Henry, a squat little "industrial" vacuum cleaner that eats brick dust for breakfast and sucks like anything. He sports two jolly staring eyes and a bulbous nose, so that small children clamour to use him and give you a break. At about £100, it

was our single best purchase of the entire renovation.

Develop a lifelong relationship with a local tool hire company; the best are a mine of helpful advice. Try to resist that strange moment in a young man's life when he starts to find power tools sexually attractive. Thrills come cheaper when rented by the day.

Ignore the temptation to over-restore. Take floors, for example. Don't rush to sand your old floorboards. Would you sand a Georgian table? Floorboards have patina too; it's just hidden under the grime.

Get on your knees with an industrial-quality paint scraper (about £10), hot water and caustic soda and the thickest rubber gloves you can find. Scrape until your knees give out, then wax (the floors, not your knees) with solid paste wax; the more the better. It builds up and fills the gaps, cutting out draughts. If you're ambitious, caulk them the old way, with strands of rope, and wax straight over. Then hire a floor buffer and admire the shine.

Get back to basics and think *fresh*, think *dressing*. The secret is in the finishing-off. So forget the £3,000 Italian bathroom. Buy a big, decent-quality stainless steel bath and simple chrome taps. Then splash out on the best carpenter you can hire and get him to copy a brochure look in medium density fibreboard (MDF). Spend an equal amount on an interior decorator, do a posh paint job and spend the savings on candles, bubble bath and a friend.

Don't kid yourself. Forget real wood or pricey names. Go for MDF again, in a simple timeless style such as Shaker. But spend big bucks on the worktops, preferably granite, sourced through an independent stonemason rather than the kitchen company. Stonemasons can be unbeatable on price: our slate floor cost £15 a square yard, plus £15 a sq yd to lay and seal, and looks a treat. Invest in quirky, eye-catching door fittings, a decent

painting or three, and the overall effect will amply disguise the basic cupboard carcasses.

Professional kitchen ranges are all the rage right now, and the prices (£3,000 plus) might make you see red, too. Agas demand an Aga lifestyle - nine hours at home gazing at a slow-roasting chicken. We don't have an Aga lifestyle, we have a Pot Noodles lifestyle. So we plumped for a Smeg 90cm oven for £780 and a Britannia Professional 90cm five-burner hob (£275) both in stainless steel. Set into black granite and illuminated by cheap, hidden downlights (£12) they look like a million dollars.

Check what the kitchen fitting price includes. A "dry" fit may not include dismantling and removing the old kitchen, making good or connecting appliances (especially gas). All can add hundreds to what might seem a low quote.

Remember that labour is the most expensive part of renovation, so seek alternative sources. Impoverished students are useful for basic tasks. Keep-fit fanatics and rugby club members enjoy wielding sledgehammers, if there's a few pints down the local in it for them. Wallpaper stripping is faster and more fun if you enlist a commune of friends and combine it with a free spaghetti-and-red-wine blow-out at the end of the day.

And don't be afraid to cheat, so long as you do it well. Ready-made false non-structural beams are irredeemably nice. But take a halfway decent piece of softwood, scoop a few chunks out with an adze, blow torch it, wire brush it, then varnish and - *voilà!* - genuine antique beams. Real fanatics can spend hours putting ersatz woodworm holes in with a 1mm drill.

And when the hammers finally fall silent amid your new, old, house, you too can know the simple joy of hearing the dull *thuds!* as your vertically over-endowed friends knock themselves senseless on the low doorways. That's character for you.

On The Move

On the trail of a country retreat

What is for sale in the country market at under £500,000? Here is a selection of interesting properties in descending order of price.

■ £425,000. Thornfield Hall in north Norfolk is an eccentric Arts and Crafts mansion of 1903-1905 designed by E.S. Prior, with a ground plan like an open book - or a butterfly - and an intense use of vernacular materials including flint and patterning in thin tile-like bricks. Now listed grade II*, and recently an old people's home, it offers a splendid chance to return the house (which cost the huge sum of £50,000 to build) to its Edwardian glory. The agent is FPD Savills (01603-229229).

■ £385,000 is Fulford's (01382-412007) minimum price for an old white farmhouse with slate roof in the village of Stoke Gabriel near Totnes in Devon. Its address is hard to better - the White House. Listed grade II and near the river Dart, it has six bedrooms and high stone walls to separate it from the village. It is in the farmhouse/factory/maison range of properties that always find buyers, but the price is far less than a similar house would be in the south-east.

■ £315,000 is suggested by Humberts (01935-812333) for the thatched Westhill Farmhouse with four bedrooms in the Dorset village of Evershot. Illustrating how values rise on the pounds-per-bedroom scale closer to London, it is unusual in being freehold as most properties in the village belong to the Nichester estate.

■ £235,000 for a similar-sized house in Suffolk, the half-timbered Tudor House at Hitcham near Hadleigh, looks better value or - rather - does not carry a premium for being in the south-east. The house has a plethora of thatched gables, making a lively roofscape, and, unusually, two Georgian Gothic-style broad lancet windows. The garden is nearly two acres and there are outbuildings. Strutt & Parker (01473-214841) is the agent.

■ £215,000 is the price from Carter Jonas (01484-842105) for an elaborate brick gazebo at

Upper Batley on the outskirts of Leeds, dating back to 1463 with additions and a recent prize-winning restoration to make a comfortable house. In the grounds of Batley Hall, it used to be known as the Banqueting House or the Oratory. Any dinners or prayers presumably took place on the upper floor. ■ £200,000 is what an old thatched cottage can now cost in a popular Hampshire village such as East Meon, through Henry Adams (01730-262801). In Workhouse Lane, it is called Paupers Cottage, but it is too costly for modern paupers. Hampshire is not what it was in the days of the poor law.

■ £82,000. For value, the French countryside is unbeatable. Between Dinan and St Brieuc in Brittany, a typical 19th century Breton "longhouse" is for sale through Domus Abroad (0171-431 4693) at a price that leaves plenty of money over for oysters, muscadet, crêpes and cider. The house has two bedrooms, a bedroom/study and half a hectare of land, and is near the village shops. It takes half an hour to the closest beaches, and a little more to St Malo to catch the ferry to England.

■ £49,500-£58,950 is the price range from Stratton & Holborow (01872-274646) for flats and houses in the conversion of Zodia House, the old Cable and Wireless training site for telegraphists at Portcharno near Penzance. Here the company's underwriter cables reached the UK, starting in 1870 with the laying of a cable to India. The cable station closed in 1970, and the training establishment moved to Coventry in 1983.

It leaves bargain-priced holiday accommodation in one of Cornwall's most beautiful valleys, with a sandy beach a short walk away. On the nearby cliffs is the open-air Minack Theatre, where the Atlantic forms the backdrop. A long time ago we had family holidays at Portcharno. When I returned recently on a sunny winter's day, the sense of being between heaven and earth was still overpowering. In summer one must be prepared for traffic, but on the beach I am sure little has changed.

Gerald Cadogan



Thornfield Hall: eccentric Arts and Crafts mansion

Gardening

The small stars in the firmament

So-called 'alpine' plants love the rain, says Robin Lane Fox



Dodecatheons will build up quickly into significant groups and last for years

Garden Picture Library

Down in our sodden flowerbeds, small is beautiful. The endless rain has spoiled the tulips and bruised the petals of anything tall and substantial.

Every year, small plants are the stars as the year turns into mid-spring. This year, they are outstanding because enough of them are able to shine in the rain.

For me, small plants are the level at which the insane pursuit of gardening began and at which it will no doubt end. They won me over as a young schoolboy, as they would no doubt win over schoolchildren in today's climate if only people encouraged them to garden seriously, rather than playing around with mustard and cress. When I began, I was under the illusion that small plants were usually difficult and in need of rare pieces of rock. I read all about mountainsides, shingle and screes. Rock culture had a profoundly different meaning for my early years, but I now realise that I was being taken in by one arbitrary wing of opinion.

Perhaps you want your garden to recreate the landscape of your holidays, but few of today's holidaymakers want a fragment of the Eiger as a memento of the months when the skiing has had to

stop. Most of the small alpine plants which we grow are perfectly happy without any sort of rock at all, insofar as they will ever grow outdoors for more than two winters in Britain. Rock gardening is not a necessary condition for growing alpine outdoors. A well-drained soil, a surfacing of grit and often, more fertiliser, are the important essentials for success.

Without rocks, small alpine plants are much more likely to win converts. Whenever I say I like them, I feel the modern obsessives in the world of exterior decorating pigeon-holing me as a plantsman with no interest in style. Alpines are the point at which most designers sign off, because these plants are liable to die if a customer does not take an interest in anything except the instant effect of yet another "room outside".

Artistry is equally possible with small alpine subjects. Perhaps it is even more challenging because

the individual notes in the total symphony are so fine. I call them "small and alpine", because many of the best small plants from mountainous areas are not hard-hearted of all mothers. Nature, scattered in my poor soil. Their absence does not prevent me from enjoying the small beauties which

make the difference between a predictable and a special month of May.

The rain has actually improved one of my easiest favourites, the low-growing vigorous sandwort, *Arenaria montana*. Anyone can grow this brilliantly white-flowered carpet of greenery, but it tends to appear only with

those in the know. It likes a semi-shaded place and moisture at the roots, exactly what April provided. It is smothered in buds, and forms the background to a group of the American Shooting Stars, fellow-lovers of a spring which is a total washout. These wonderful plants, the Dodecatheons, are extremely easy cousins of our cowslips and primroses, but their flowers are taller and brighter and their petals are turned back like vivid cyclamen.

They disappear after flowering, which may deceive you, but if you choose a bright, vigorous form - Red Wings is my favourite - they will build up quickly into significant groups and last for years. They have loved their soaking in April, a reminder of the American woodlands where many of them are at their best. Incidentally, they are easily raised from seed.

Damp has also favoured the classier kinds of small buttercup. My favourite

comes from the Pyrenees and is about to produce several large white flowers on small stems above its grey-green leaves. *Ranunculus amplexicaulis* is the most lovely plant, which now has seven listed suppliers in Britain and gives a lift to anyone who finds a suitable home for it. I rate it even higher than its close rival, the Snow Anemone sylvatica which is also about to flower, loving the wet weather which would otherwise have blown away its petals if it had opened any earlier.

The best way into the small alpine beauties is to join the Alpine Garden Society at £5 per year, by writing to the Secretary at the AGS Centre, Avon Bank, Pershore, Worcestershire.

Its quarterly bulletin is superbly illustrated in plants, supported by benefactors from former loyal members. The regular advertisers are among the best sources for the plants which I mention and

most will supply by post. Perhaps you wonder where to place these lovely things and other possibilities. The recent special forms of the older Omphalodes, especially Cherry Ingram and Starry Eyes, or the little forms of *Aquilegia*, like the spectacular flabellate *pumila*. They are too precious to be used in the edge of borders, but I am pleased to have them in special squares of soil, left unpaved in a pretty normal sort of terrace. The flowering squares break up the pattern and allow more variety of planting than those irregular corners and pockets which are usually recommended for plants in paving.

Each bed, about a yard square, can become a small painterly landscape in its own right, without interrupting your walking to and fro on a wider area of stone or slab. It is much easier for non-gardeners to position a chair without crushing a well-loved alpine star if you concentrate the plants in bigger areas and do not leave them all over the place at the mercy of the gin-and-tonic type of visitor. The plants may be less than a foot high, but in this wet year, many of them are actually enjoying themselves, with the result that we enjoy them even more.

SPORT

Horse trials

Hosts face hurdles

Keith Wheatley previews next week's Badminton event

International success has brought its own problems for the Badminton Horse Trials, which begin on Thursday. Despite the enormous growth in popularity around the world of three-day eventing, it remains a very British sport at the pinnacle.

Badminton in the spring and Burghley in the autumn are the events every ambitious rider wants to compete at, whatever their nationality. Inevitably far too many people want to enter. Many are from Australia, New Zealand, or the United States, some clutching Olympic gold medals.

Officials such as Badminton director Hugh Thomas know that for the event to retain its magical status as the unofficial world championships it must attract the very best competitors from every country. British riders, on the other hand, often see an appearance at Badminton as the culmination of a determined and creditable amateur career, a little like a first-round match on the outside courts at Wimbledon for a UK tennis player.

Making room for foreign stars is not always popular with the natives. In the early 1990s the first methods of dealing with an over-large entry list were by drawing lots, with spaces reserved for overseas entries. While fair in a random sense, it was almost universally unpopular. Riders felt that achievement counted for little and the hundreds of thousands of enthusiasts who flock to the Duke of Beaufort's park each May were sometimes denied the chance to see stars who had been unlucky in the ballot.

This year Thomas has decided to scrap the ballot in favour of a performance-based hurdle that will in practice restrict entries to those combinations who have finished in the top 25 per cent of the field at international level three-star events over the past three years. Inevitably the new policy has given an even more cosmopolitan feel to the final list. Of 92 runners, 44 are overseas riders and horses. Heading the list of those likely to succeed must be Mark Todd, the double Olympic gold-medallist from New Zealand, on the highly experienced Broadcast News.

It was precisely 20 years ago that the Kiwi dairy farmer arrived in Britain as an unknown hopeful. That status ended when he won Badminton at his first attempt on Southern Comfort. Marking two decades of individualistic success Todd, undoubtedly "the riders' rider" on the eventing circuit, last week published his autobiography, *So Far, So Good*. Looking back on his years as a resident alien, Todd, who now lives with his family in Gloucestershire, writes: "The sport has certainly become more professional and, of course, more popular. Ballotting was unheard of when I started. I can understand why some

people get a bit uptight about the amount of foreign riders, but it makes me sad because in New Zealand they would die to have the level of competition that the British can go and watch every weekend."

So far as this year's Badminton is concerned, fate has done far more to affect the host country's chances of victory than a ballot or the new qualification hurdles. Mary King, William Fox-Pitt and Ian Stark, the leading British competitors, have all suffered severe setbacks. King, runner-up last year and winner in 1992, will not ride the 4.5 mile Gloucestershire course for the first time in 10 years. Both of her top horses, King Solomon and Star Appeal, are injured with tendon problems, the former most unexpectedly. "It's very disappointing," said King. "Solomon had gone beautifully at Belton Horse Trials and we didn't suspect anything until we got him home and found some heat in the leg and a slight swelling."

Although it would have been King Solomon's first Badminton, the 10-year-old gelding was among the favourites. Of the five three-day events he has contested with King, the combination has won four and come runner-up in the fifth.

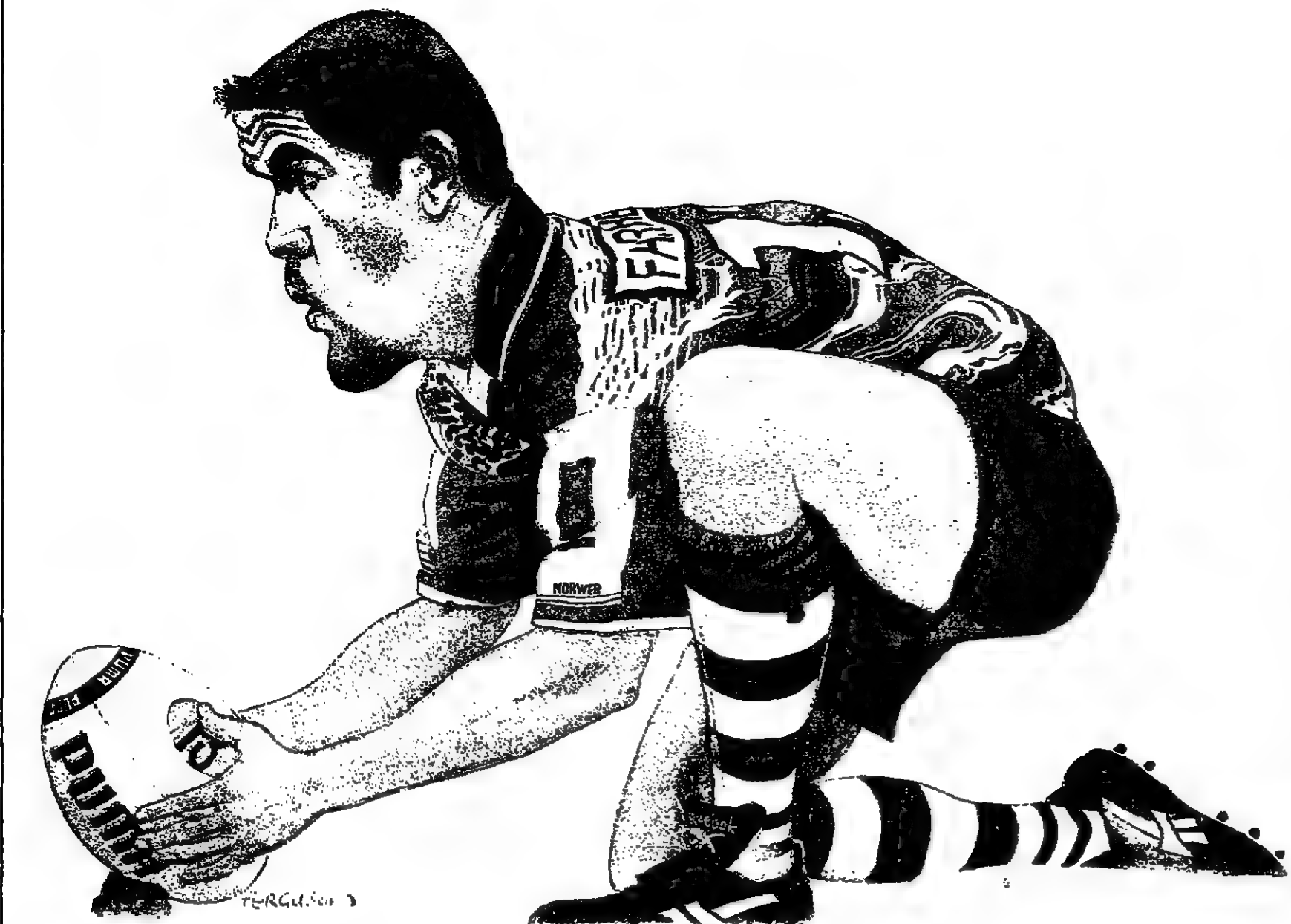
William Fox-Pitt's problem is personal injury. The young British rider, a pin-up with younger fans owing to his Brad Pitt, rather than Fox-Pitt, looks, suffered a complex ankle fracture after a fall on a novice horse last weekend at Weston Park.

His horse, Mostly Mischief, may yet find a stand-in rider and those with long memories and a good imagination will remember when Mark Todd substituted for the injured Lynne Bevan on Horton Point, a horse he had never seen before, and conquered Badminton.

Ian Stark's best chance of a win was on Arakal, now injured and withdrawn. However, he still has an entry on The Moose, a giant of a horse at 18 hands, but still nimble enough to come fifth at Blenheim in 1997. Badminton has not been kind to Stark. Twice he has suffered the disappointment of being overnight leader after a superb cross-country phase and then dropped down the leaderboard as his horse squandered points in the show-jumping phase.

The rider with most at stake is probably American Olympic medallist Karen O'Connor. Her husband David won at Badminton last year but since they seem to produce a flux on Karen's chances when they both compete in the same event, David has agreed to stay at home in the US this spring. Watch out for a lady with something to prove on Prince Panache.

By Mark Todd, *Weidenfeld and Nicholson, £18.99*



Sporting Profile

In a super league of his own

Huw Richards on the towering strengths of Andy Farrell, regarded as Britain's finest rugby player

When the finest forward in Britain in either code of rugby was shown as a picture question on *A Question of Sport* recently, none of the six panellists could recognise him.

The evaluation comes from Jonathan Davies, a redoubtable judge in both league and union. The anecdote is told by Rugby League's new chief executive Neil Tunncliffe as an example of the progress the game still needs to make to be a truly national presence.

Too bad none of those panellists was at Huddersfield for the Challenge Cup semi-final at the end of March. In the first minute Wigan attacked the London Broncos line - with no sense of immediate danger until the ball reached loose forward Andy Farrell about 15 yards out.

Farrell instantly bulleted a long pass across two defenders to send winger Jason Robinson over untouched on the left. It was devastating in its simplicity, impossible to defend against and an illustration of the talents that have made Farrell the dominant player in the British game. London did nothing wrong, but that single moment of perception matched to instant action defined the entire game - dealing the decisive blow before London touched the ball.

Farrell leads Wigan, not favourites to win their ninth Challenge Cup in 11 seasons and their 17th in all, against Sheffield Eagles at

Wembley today. He already has three winners' medals, four championships, several other trophies, two Man of the Match trophies from major finals, 13 Great Britain caps and the captaincy of his country to his credit. He will be 23 four weeks from today.

With that record he will hardly be intimidated by the occasion. But he rejects any suggestion it might become commonplace, or that Rugby League's big day has been devalued by the shift to a summer season, which means it comes early in the programme rather than as its climax. "It's stupid to say that it has become a pre-season tournament. The Challenge Cup has always been the greatest day in the Rugby League calendar and every club and every player wants to be there."

A Wigan player since leaving school at 16 - he also spent three years as an apprentice joiner - he is similarly forthright in rejecting suggestions that the club had been in decline over the past two seasons. "Everybody said that, but we still won a trophy last season, the same as St Helens and Bradford. People were writing us off, but it was stupid to say that." Nevertheless his early season form under returned coach John Monie, the man who gave Farrell his first-team break at 17, has been intimidatingly good. Ancient rivals St Helens played well in the traditional Good Friday game, but lost heavily in the end. Halifax played well enough against them for one respected league writer to nomi-

nate them as contenders for the end of season playoffs, but still went down 40-6.

The respect between player and coach is evident. Farrell says: "Any player will tell you he's a good coach and he's someone you can learn a great deal from." Monie has said of his captain: "He's got it all - he's a half-back in a 6ft 5in frame and he's still only 22."

That last attribute is particularly significant. Farrell is well-versed in the conventions of professionalism. "You have to play wherever the coach says you can do the best job for the team." He willingly played for Great Britain against Australia at outside-half last autumn, producing one match-winning performance in three appearances in direct opposition to Laurie Daley, an acknowledged master of the position.

But his preferred position is loose forward: "It gives you a free role between the backs and the forwards and you can do a bit of both." That "bit of both" will be one of Sheffield coach John Kear's main concerns as he looks today for ways to combat Wigan. Larder says: "When Farrell has the ball there are a lot of people following him. That gives him a lot of passing options and he's extremely astute at using them. The only way to stop him is to cut those options off and that takes some doing."

Jonathan Davies's comparison across the two codes of rugby, and Larder's role in the England union set up, prompt thoughts of how he might do in union. Larder has no doubt: "He would adapt very well at the highest level - either as a loose forward or possibly as a centre. He's an outstanding talent."

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Since the first comprehensive attempt at statistical analysis of each player's contribution to the game last season confirmed what most people suspected - that he is already by some margin the most consistently effective player in Super League - this is an alarming thought. Nor is he the only Farrell on Wigan's books - identical twin brothers Chris and Phil, 18, are regulars in the club's successful Academy (youth) team.

Both Larder and Monie believe he is destined for a place among league's all-time greats. Monie has said: "In 10 years time he'll be in every hall of fame there is." Comparisons are already being made, in spite of a widely contrasting style, with Ellery Hanley, his most brilliant recent predecessor in Wigan and Great Britain's number 13 shirt.

Certainly one has to go back to Hanley's heyday in the late 1980s and early 1990s to find a player who bestrode the British game quite so comprehensively. If league players emulated one-day Test cricketers by having signature tunes there would be no questioning Farrell's right to that most familiar of league anthems - "Simply the best".

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INTERNATIONAL ARTS GUIDE

What's on
around the
world

AMSTERDAM

CONCERTS

Concertgebouw
Tel: 31-20-675 4411
● London Symphony Orchestra:
conducted by Michael Tilson Thomas in
works by Bernstein and Copland; May 2
● London Symphony Orchestra:
conducted by Michael Tilson Thomas in
works by Bernstein, Ives, Mahler and
Strauss; May 3

EXHIBITION

Van Gogh Museum
Tel: 31-20-570 5200
Jewels from a Photograph Collection:
highlights from the Print Room of Leiden
University, focusing on the period
1880-1900. Includes works by G. S. S. and
Witken as well as many hitherto
unknowns; ends tomorrow

OPERA

Netherlands Opera, Het Muziektheater
Tel: 31-20-551 8911
Tosca: by Puccini. New production by
Nikolaus Lehnhoff with a cast including
Bryn Terfel. The conductor is Riccardo
Chailly; May 6, 8

BARCELONA

EXHIBITIONS

Fundació Joan Miró
Tel: 34-3-329 1908
www.fundacionjmiró.es
Private negatives, public fictions: 100
photographs from the collection of the
Musée National d'Art Moderne in Paris.
Includes works by Robert Doisneau, Doris
Maier and Man Ray; from Thursday until
Jul 12

BASLE

EXHIBITIONS

Kunstmuseum
Tel: 41-61-271 0828
www.kunstmuseumbasel.ch
Andy Warhol: Drawings 1942-1987.
Around 230 works by the American pop
artist, most of them on loan from the
Andy Warhol Museum in Pittsburgh and
the Warhol Foundation in New York; from
Tuesday until Jul 19

BERLIN

DANCE

Deutsche Oper
Tel: 49-30-34384-01
Deutsche Oper Ballet: triple bill of works
by Kylian, Bignozzi and Forsythe; May 8

OPERA

Deutsche Oper
Tel: 49-30-34384-01
Parsifal: by Wagner. New production
conducted by Christian Thielemann in a
staging by Götz Friedrich; May 3

BOLOGNA

OPERA

Teatro Comunale
Tel: 39-51-529 998
www.teatrocomunale.it
Don Pasquale: by Donizetti. La Scala
production conducted by Maurizio
Benini/Roberto Polastri in a staging by
Stefano Vizzoli. Cast includes Ruggero
Raimondi; May 3, 5, 6, 8

CHICAGO

CONCERTS

Orchestra Hall
Tel: 1-312-284-3000
www.chicagosymphony.org
● Chicago Symphony Orchestra:
conducted by Pierre Boulez in works by
Ravel, Ligeti, Messiaen and Rostropovich.
With piano soloist Pierre-Laurent Aimard;
May 2, 5
● Chicago Symphony Orchestra:
conducted by Mark Wigglesworth in
works by Debussy, Mozart, Berg and
Sibelius. With soprano Christine Schäfer;
May 7, 8

EXHIBITIONS

Art Institute of Chicago
Tel: 1-312-443 3800
www.artic.edu
● Italian Baroque Terracotta from the
Hermitage Collection: 35 works never
before seen in the US, including pieces
by Bernini and Algardi. Collected in the
1740s by the Abbot Farsetti before they
were acquired by the Tsar, many of these
sculptures were in storage for two
centuries; ends tomorrow, then transfers
to Philadelphia
● Japan 2000: Architecture for the
Japanese Public. Part of a year-long
examination of the role of government in
Japanese architecture. Includes
drawings, models and photographs of
public buildings; Kieho Kurakawa Gallery;
ends tomorrow

EDINBURGH

EXHIBITIONS

Scottish National Gallery of Modern
Art
Tel: 44-131-624 6200
● Sacred and Profane: Celum Colvin.
Display of 10 specially-commissioned
works by one of Scotland's leading
contemporary artists; to Jun 28
● William MacTaggart (1903-1981):
retrospective of the Edinburgh modernist.
Includes around 50 paintings,
watercolours and drawings, the majority
borrowed from private collections; to
May 10

FLORENCE

OPERA

Maglio Musicale Fiorentino
Tel: 39-55-211158
www.maggiomusicalefiorentino.com
Lady Macbeth of Mtsensk: by Shostakovich.
New production by Lev
Dodin, conducted by Semyon Bychkov;
Teatro Comunale; May 2

GLASGOW

EXHIBITIONS

Art Gallery and Museum, Kelvingrove
Tel: 44-141-287 2000



Richard Briers and Geraldine McEwan in Ionesco's 'The Chairs', directed by Simon McMurray, previously seen at the Royal Court in London and now playing at the Golden Theatre, New York

Scrolls from the Dead Sea: discovered in
caves above the Dead Sea, these manuscripts have
been the subject of intense controversy
ever since. Here they will be shown
alongside objects including the jars in
which they were found; to Aug 30

HELSINKI

OPERA

Finnish National Opera
Tel: 358-9-4030 2211
The Magic Flute: by Mozart. New
production by Swedish director Etienne
Glaser, designed by Peter Tilberg.
Conducted by Mikko Franck; May 2, 7

KORIYAMA

EXHIBITIONS

Koriyama City Museum of Art
Tel: 81-249-56 2200
Aubrey Beardsley: more than 200
drawings, prints, posters and books
created during the brief period of the
artist's fame. The exhibition marks the
centenary of his tragically early death,
aged 25, and arrives at the V&A in
October, after touring in Japan; ends on
Tuesday

LAUSANNE

OPERA

Opéra de Lausanne, Théâtre Municipal
Tel: 41-21-510 1800
Il Matrimonio segreto: by Cimarosa.
Conducted by Jonathan Durlington in a
staging by Alain Marcel. Cast includes
Alison Hagley; May 3, 5, 8

LISBON

CONCERTS

100 Days Festival, Expo '98
Portuguese Symphony Orchestra:
programme of 20th century works; Main
Auditorium, Centro Cultural de Belém;
May 6

LONDON

CONCERTS

Royal Festival Hall
Tel: 44-171-960 4242
● Beethoven Beethoven Cycle: series of
six concerts, with Beethoven conducting
the nine symphonies and directing the
five Piano Concertos from the keyboard.
With the Staatskapelle Berlin, the London
Symphony Chorus and soloists too; May
5, 6, 7
● London Philharmonic Orchestra:
conducted by Mark Wigglesworth in
works by Weber, Brahms and
Shostakovich. With violin soloist Joshua
Bell; May 3

EXHIBITIONS

Hayward Gallery
Tel: 44-171-261 0127
www.hayward-gallery.org.uk
Anish Kapoor: one of a generation of
British artists who came to prominence in
the 1980s, Kapoor creates sculptures
using stone, steel, and mirrored metal.
This is the first major showing of his
work in a public gallery in Britain, and
includes massive new stone pieces; to
Jun 14

National Gallery

Tel: 44-171-939 3321
● Anthony Caro at the National Gallery:
Working after the Masters. Display of

recent sculptures which take their
inspiration from painters including
Mantegna and Rembrandt; ends on
Monday
● Harry Moore and the National Gallery:
this celebration of the centenary of
Moore's birth consists in a selection of
his favourites among the Gallery's
holdings; to May 31
● Masters of Light: Dutch Painting from
Utrecht in the Golden Age. Brings
together 74 works produced by painters
working in the city of Utrecht in the first
half of the 17th century; from Thursday
until Aug 2

Royal Academy of Arts
Tel: 44-171-300 8000
Holy Russia: Icons and the Rise of
Moscow 1400-1800. 50 rarely exhibited
icons lent by Russian museums are the
centrepiece of this exhibition, which also
includes 16 manuscripts; to Jun 14

Tate Gallery
Tel: 44-171-987 8000
Bonnard (1867-1947): major retrospective
of the French painter, focusing on the
works produced between the 1890s and
the 1940s. Includes landscapes, still lifes,
a series of nudes depicting Marthe,
Bonnard's lifelong companion, and
several self-portraits; to May 17, then
transferring to New York

Victoria and Albert Museum
Tel: 44-171-338 8500
The Power of the Poster: including
classic images from the 1880s and 1890s
as well as the work of contemporary
designers and agencies; to Jul 26

THEATRE

Almeida Theatre
Tel: 44-171-359 4404
The Iceman Cometh: by Eugene O'Neill.
Howard Davies' production stars Kevin
Spacey, Rupert Graves and Clarke Peters

Comedy Theatre

Tel: 44-171-359 1731
The Real Inspector Hound by Tom
Stoppard and Black Comedy by Peter
Sheffer. Double bill directed by Greg
Dolan

Gielgud Theatre

Tel: 44-171-494 5065
Things We Do for Love: written and
directed by Alan Ayckbourn.
Starring Jane Asher and Stephen Pacey

Lyric Theatre

Tel: 44-171-494 5045
Closer: written and directed by Patrick
Marber. West End transfer after a sell-out
run at the National Theatre

National Theatre, Cottesloe

Tel: 44-171-452 3000
Our Lady of Sige: by Sebastian Barry.
Directed by Max Stafford-Clark, with
Catherine and Sinead Cusack

National Theatre, Lyttelton

Tel: 44-171-452 3000
Othello: by Shakespeare. Opening

performances in the Lyttelton, after the
world tour which followed the Cottesloe
run. Sam Mendes directs David
Harewood, Simon Russell Beale and
Claire Skinner

National Theatre, Olivier

Tel: 44-171-452 3000
● An Enemy of the People: by Ibsen.
Directed by Trevor Nunn and starring Ian
McKellen
● Flight: by Mikhail Bulgakov. Howard
Davies directs a production starring
Kenneth Cranham and Alan Howard

Playhouse Theatre

Tel: 44-171-339 4401
Naked: by Pirandello. Almeida Theatre
production directed by Jonathan Kent.
With Juliette Binoche

Wyndham Theatre

Tel: 44-171-369 1735
Art: by Yasmina Reza. Matthew Warchus
directs a sixth cast

Young Vic

Tel: 44-171-928 6363
Uncle Vanya: by Chekhov. Katie
Mitchell's new RSC/Young Vic
co-production is given in a new
translation by David Lan, with Stephen
Dillane, Anastasia Hille, Linus Roache
and Jo McInnes; ends today

LOS ANGELES

OPERA

L.A. Opera, Dorothy Chandler Pavilion
Tel: 1-213-972 8001
www.laopera.org
Il Trovatore: by Verdi. Conducted by
Gabriele Ferro in a staging by Stephen
Lawless. Cast includes Vladimir
Bogachov; May 2, 5, 8

MADRID

EXHIBITIONS

Fundació 'la Caixa'
Tel: 34-1-465 4833
From Whistler to Sickert: joint
retrospective of the two painters which
aims to introduce their work to the
Spanish public by contrasting their
differences; to May 17

MILAN

OPERA

Teatro alla Scala
Tel: 39-2-88791
www.teatroallascala.it
Der Freischütz: by Weber. Conducted by
Donald Runnicles in a staging by Pier
Alli; May 7

MUNICH

CONCERTS

Philharmonie Gastelg
Tel: 49-89-5481 8181
● Berlin Philharmonic Orchestra:
conducted by Claudio Abbado in works
by Mahler and Liszt; May 5
● David Helfgott: Rachmaninov's Piano
Concerto No. 3. With the Munich
Symphoniker, conducted by Jean Pierre
Faber; May 8
● Milan Symphony Orchestra:
conducted by Alan Francis in works by
Mozart, Bruch and Schubert. With
pianists Ferhan and Farzan Onder,
and violin soloist Anton Barachowski; May 7
● Munich Philharmonic Orchestra:
conducted by Heinrich Klug in works by

Ginastera and Milhaud; May 3
● Vocalissimo! Gala der Stars: Enoch zu
Guttenberg conducts works by Haydn,
Mozart and Beethoven. With violin soloist
Andreas Rainer; May 6

EXHIBITIONS

Haus der Kunst
Tel: 49-89-211270
Arnold Böcklin, Giorgio de Chirico, Max
Ernst: Journey into the Unknown.
Selection of 130 paintings, collages and
sketches, previously seen in Zurich; ends
tomorrow

NEW YORK

CONCERTS

Lincoln Center
Tel: 1-212-721 6500
www.lincolncenter.org
New York Philharmonic: conducted by
Leonard Slatkin in chamber music by
Debussy, Saint-Saëns and Ravel; Avery
Fisher Hall; May 2, 5

EXHIBITIONS

Guggenheim Museum
Tel: 1-212-423 3500
www.guggenheim.org
● After Mountains and Sea: around 14
works by created by Helen Frankenthaler
during the years 1956-1959; ends
tomorrow
● China - 5,000 Years: More than 500
works of art, ranging from the Neolithic
period to the modern, with traditional
works displayed at the uptown museum
(to Jun 3), and the modern section at the
Guggenheim Museum SoHo (to May 25).
Uptown highlights include Neolithic
jades, Shang and Zhou bronzes, tomb
ceramics, and a collection of Buddhist
stone sculptures. The aim of the display
at the SoHo museum is to explore the
meaning of modernity in China; both
parts will transfer to Bilbao in July
● Visions of Paris: Robert Delaunay's
Series. Previously seen in Berlin, this
exhibition focuses on the series paintings
made by the artist in Paris, of subjects
including Saint-Séverin and the Eiffel
Tower; to May 24

Metropolitan Museum of Art

Tel: 1-212-879 5500
www.metmuseum.org
● Augustin Pajou, Royal Sculptor: first
retrospective devoted to works by the
French sculptor (1730-1809), successful
in the French Royal Academy of Painting
and Sculpture and a favourite of Louis
XV and Louis XVI. Includes marble
statues, busts, and drawings including
designs for the opera at Versailles; to
May 24
● Paul Strand, Circa 1918: comprising
50 rare prints tracing the photographer's
transition from a soft-focus style to a
bold, American modernism; to May 31
● Pierre-Paul Prud'hon (1758-1823): first
American retrospective of work by the
court painter and draftsman, who won
acclaim during the years spanning the
French Revolution, the Empire and the
Restoration. Includes 60 paintings and
100 works on paper; to Jun 7
● When Silk Was Gold: Central Asian
and Chinese Textiles. Featuring 64
precious textiles from the 8th to 15th
centuries, when they were of immense
economic and cultural significance; to
May 17

Museum of Modern Art

Tel: 1-212-708 8480
www.moma.org
● Alvar Aalto: Between Humanism and
Materialism. Centenary tributes to the
Finnish architect, designer and town
planner; to May 19
● Chuck Close: retrospective of the
American painter, comprising 90 works
and ranging across his career; to May 26
● Fernand Léger (1881-1955):
retrospective comprising some 220
paintings and drawings by the early
modernist; to May 27

Pierpont Morgan Library

Tel: 1-212-685 0008
British Drawings and Watercolours: major
survey of the library's collection in this
field. Includes works by Hogarth, Blake,
Turner and Ruskin; ends tomorrow

THEATRE

Golden Theatre, 252 W. 45th St.
Tel: 1-212-239 6200
The Chairs: by Ionesco. Théâtre de
Complicité/Royal Court production
transferring from London after a sell-out
run. Simon McMurray directs Geraldine
McEwan and Richard Briers

Irish Repertory Theatre, 132 W. 22nd St.

Tel: 1-212-727 2737
Long Day's Journey into Night: by
Eugene O'Neill. Starring Frances
Stearns and Brian Murray

Joseph Papp Public Theater, 425 Lafayette St.

Tel: 1-212-260 2400
The Cripple of Inishmaan: by Martin
McDonagh. In which a Hollywood
producer visits a remote Irish island
community. Directed by Jerry Zaks

Kit Kat Klub, 124 W. 43rd St.

Tel: 1-212-239 6200
Cabaret: revival of the 1986 Kander and
Ebb musical directed by Sam Mendes
and Rob Marshall. In a Roundabout
Theatre production starring Natasha
Richardson

Royale Theatre, 242 W. 45th St.

Tel: 1-212-239 6200
Art: by Yasmina Reza. Production
directed, as in London, by Matthew
Warchus. Cast includes Alan Alda and
Alfred Molina

Walton Kerr Theatre

Tel: 1-212-239 6200
The Beauty Queen of Leenane: by Martin
McDonagh. With Anna Manehan and
Marie Mullen

OTTAWA

EXHIBITIONS

National Gallery of Canada
Tel: 1-613-990 1985
Picasso: 100 works on loan from the
Museum of Modern Art in New York.
Includes paintings, drawings, prints and
sculptures; to Jul 12

PARIS

CONCERTS

Théâtre des Champs Elysées

Tel: 33-1-49525050
Orchestra National de France: conducted
by Jerzy Sankow in works by Mozart,
Wagner and Tchaikovsky. With
mezzo-soprano Jard van Nes; May 6

EXHIBITIONS

Musée Carnavalet
Tel: 33-1-4272 2112
Chauvet: objects made by the Parisian
jewellers from the age of Napoleon to the
present. Highlights include the
extravagant parures - matching sets of
tiaras, necklaces, earrings and bracelets
- created for 19th century European
aristocrats; to Jun 28

Musée d'Orsay

Tel: 33-1-4049 4814
www.musee-orsay.fr
● 1848: examining the relationship of
artists to the revolutionary movement of
1848, and the influence of the Republic
upon artistic life between 1848 and 1852;
to May 31
● Manet, Monet, and the Gare
Saint-Lazare: places Manet's famous
painting in a context provided by works
by other artists and a group of related
drawings, prints and photographs; to
May 17

Musée du Louvre

Tel: 33-1-4020 5151
www.louvre.fr
La Collection Lamme: 17th and 18th
century Italian art. Exhibition to mark the
gift to the Louvre of 20 paintings and a
sculpture. The 130 paintings on display
include religious and mythological
subjects and portraits; to May 11

ROME

EXHIBITIONS

Palazzo delle Esposizioni
Tel: 39-6-474 5903
Lucio Fontana: retrospective of the Italian
artist best known for the series of
"Spatial Concepts", produced in the
1950s and 1960s; to Jun 22

SAN FRANCISCO

CONCERTS

Davies Symphony Hall
Tel: 1-415-864 6000
www.sfsymphony.org
● Anne-Sophie Mutter: performs the
complete Beethoven violin sonatas in a
series of three concerts, in matinee and
evening performances on May 3 and an
evening performance on May 4. With
pianist Lambert Orkis
● San Francisco Symphony Orchestra:
conducted by Peter Maxwell Davies in
the world premiere of his own new work,
A Real of Seven Fishermen. The
programme is completed by works by
Haydn and Shostakovich. With cello
soloist Lynn Harrell; May 7, 8

ST PETERSBURG

EXHIBITION

State Hermitage Museum
French Master Drawings from the
Pierpont Morgan Library: highlights
include works by Chassériau, Delacroix and
Poussin; from Thursday until Jul 25

STOCKHOLM

OPERA

Königlichen Oper
Tel: 46-8-248 240
Deutsche Oper: Tannhäuser, by Wagner.
Conducted by Jiri Kout in a staging by
Götz Friedrich; May 7

TOKYO

DANCE

Bunkamura
Tel: 81-3-3477 9999
Matsuyama Ballet: Giselle. In a staging
by Tetsuro Shimizu. With the Royal
Metropolitan Orchestra conducted by
Shunsuke Tsutsumi; Orchard Hall; May 3,
4

TORONTO

EXHIBITIONS

Art Gallery of Ontario
Tel: 1-416-979 6656
● Julia Margaret Cameron: The Creative
Process. 90 works by the Victorian
photographer, including portraits of
famous contemporaries; ends tomorrow
● The Warhol Look/Glamour Style
Fashion: major retrospective tracing
Warhol's career from the 1940s to the
1980s; ends tomorrow

VIENNA

EXHIBITION

Kunsthaus Wien
Tel: 43-1-712 0495
COBRA 1948-1951: organised to mark
the 50th anniversary of the post-war
group, whose work is characterised by a
primitivist impulse, which set itself up
against the modernisms of abstraction
and socialist realism; ends tomorrow

WASHINGTON

DANCE

Kennedy Center
Tel: 1-202-467 4800
Dance Theatre of Harlem: programme of
works by Wilson, Balanchine, North and
Holder; Opera House; May 2, 3

EXHIBITIONS

National Gallery of Art
Tel: 1-202-737 4215
www.nga.gov
● Alexander Calder (1898-1976): around
250 works, among them some of the
best examples of Calder's formally
innovative sculpture. Alongside the
mobiles are selected paintings, drawings
and jewellery; to Jul 12
● Degas at the Races: horse racing, like
the ballet, was an important and
longstanding theme in Degas' work. This
display comprises 100 variations on this
theme; to Jul 12
● Mark Rothko: major retrospective of
the American abstract artist, including
loans from Europe and Japan. The 100
works on display encompass all phases
of Rothko's career, from the late 1920s
to 1970; from tomorrow until Aug 18

Arte Guide by Susanna Rustin
e-mail: susanna.rustin@ft.com
Additional listings supplied by
ArtBase tel: 31-20-684 6441
e-mail: artbase@ft.com

Weekend Investor

Wall Street

'Correction' highlights Fed's dilemma

John Authers reflects on the lessons to be learned from a three-day wonder

Alan Greenspan can still scare Wall Street more than anyone on the east coast of the Pacific. Proof of this came on Monday morning when the Wall Street Journal ran a story (unconfirmed) that the Federal Reserve had adopted a bias towards monetary tightening, or raising interest rates, at its meeting in March.

The result was initially, but incorrectly, described as a correction. Both stocks and bonds were sold heavily on Monday, with the Dow Jones Industrial Average down by 224 points at one point and closing off 146.98 at 9,917.64. The yield on the benchmark 30-year treasury bond rose from 5.94 to 6.05 per cent.

By the end of the week, though, the "correction" was already over. The reason, as on every occasion in the past three years that the market has dipped on fears of a tightening by the Fed, was new statistics that showed the US economy was continuing to grow without any signs of inflation.

Thursday brought arguably the most spectacular example of the phenomenon yet seen, with the joint publication of two key indicators. The gross domestic product estimates for the first quarter – the best overall indicator of the underlying growth of the US economy – showed the US grew by a very healthy 4.2 per cent in the year to end-March.

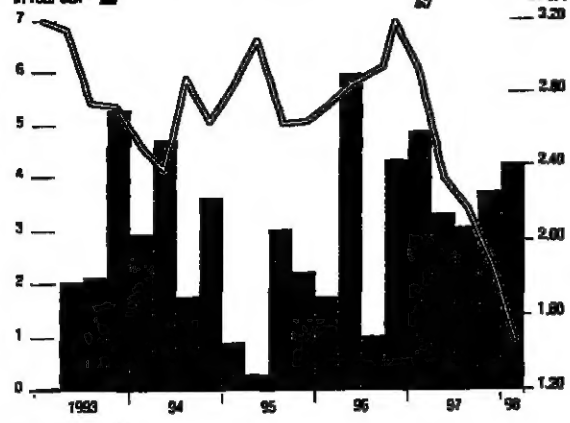
Meanwhile, the estimated "employment cost index" for the same period revealed no sign that workers' wage demands were growing more aggressive in the wake of economic growth. Wages rose by only 0.7 per cent in the three months to March.

These figures appeared to rule out any chance of a tightening by the Fed at its meeting later this month, and were near perfection for traders. Both bonds and equities bounced back and the Dow gained 111.85 to reach 9,063.37, almost exactly where it had started the week, while bond yields went back to 5.94 per cent.

What morals are to be drawn from the week's activity? The first is that the fears of Wall Street's strategists have returned from their eastern jaunt. Since Asian currencies

Boldly growing with inflation in check

Annualized quarterly % change in real GDP



began to implode last August, the US economy has taken almost second place as economists attempted to gauge the effects of Asia's fall-out.

The rally of the past three months reflected growing optimism that the US would weather the Asian turmoil without serious problems. A benign outcome to that has been reflected fully in share prices (which, incidentally, means that Japan's ailing bank system now has the capacity to inflict a very nasty shock on US share prices). The fact is that US domestic concerns are again paramount.

A second point is more alarming for the stock market. This is that the Fed still seems worried that the stock market is too high, and wants to push prices down. Ideally, it wants to do so without using its ultimate weapon of raising interest rates. But it seems unable to do so.

The Fed does not leak, as a rule, and Monday's story might have been a new version on a game it has played before. This is to scare the market into raising bond yields and lowering share prices without actually tightening monetary policy. In the past, Fed chairman Greenspan has achieved this merely by making bearish comments in public, most notably in December 1996 when he mused in a speech about the risks of "irrational exuberance" in the securities markets.

That kept share prices in check for several weeks. This time, the scare from the

Fed was a three-day wonder. But how else can it force down share prices without raising rates?

Henry Kaufman, a highly respected Wall Street economist, made this week's dilemma clear this week. "Central banks have experience in dealing with inflation in the prices of goods and services, but not with sharply rising financial asset prices," he said.

A further problem for the Fed is that so many Americans now take part in the stock market through mutual funds. So, there is great political interest in keeping the stock market moving forward – a problem reminiscent of the inbuilt bias against rate rises created in the UK by the prevalence of variable rate mortgages.

This makes it harder for the Fed to deliver on a threat to raise rates. In the absence of resumed consumer price inflation, politicians are unlikely to look kindly on a tightening of rates designed solely to force share prices down.

As Kaufman put it: "There is growing political interest in the central bank acting asymmetrically – that is, acquiescing in increases in asset prices but taking policy measures to stop, or at least contain, asset price declines."

Dow Jones Ind Average

Monday	8,917.64 - 146.98
Tuesday	8,998.36 - 18.86
Wednesday	8,951.52 - 52.55
Thursday	9,063.37 + 111.85
Friday	

London

Let the Emu party begin

Simon Davies watches as history is made

Tomorrow will see the formation of a smart, expensive and thoroughly exclusive new club. And while Britain is taking it easy over the bank holiday weekend, the world's financial markets will be responding frantically to the implications of this euro club and the entry prices for the likely 11 members.

Since the UK will not be part of this cosy new brotherhood of European economic and monetary union (Emu) – at least, not for now – some might argue that British investors can ignore the process.

But such a head-in-the-sand approach to Emu would be unwise. Just the whiff of early membership last September sent UK markets surging up.

Emu membership brought a massive bonus to Italy and Spain, the Emu members with the highest bond yields, as these converged with Ger-

many's. Thus, it could offer benefits for Britain, which is one of the last of the European high yielders. And what is good for UK government bonds should be good for the stock market, given the tight correlation between the two.

Part of the reason is that, if you believe British bond yields will fall relative to Europe, then UK equities will become relatively better value.

This is because the theoretical present worth of shares is the discounted value of future dividends. A dividend due in, say, 10 years is worth less now than one of the same amount due tomorrow.

Future dividends are "discounted" at a certain annual rate of interest (the discount rate) to calculate their present value. But the rate chosen for the calculation is dictated by bond yields, and will alter if they do.

The lower the discount

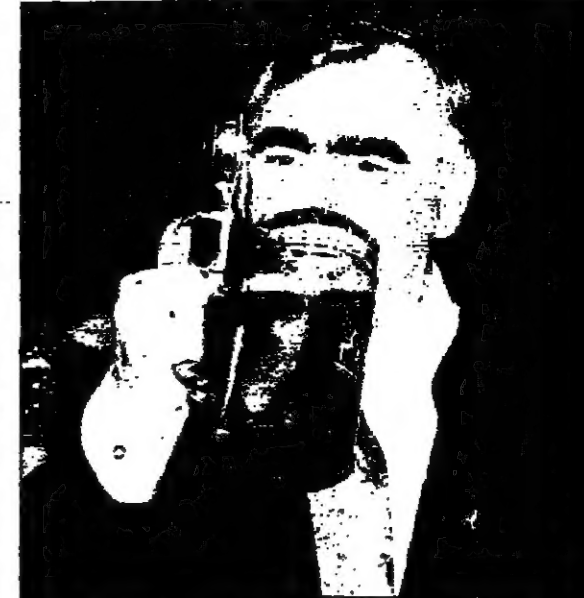
rate, the higher the theoretical present value of future dividends, and the higher the present worth of shares.

For an example of what a falling discount rate can do to a stock market, look no further than Italy, where the market is up nearly 140 per cent since the beginning of 1996. And these benefits could accrue when UK markets decide that Emu membership is likely, rather than when it is announced.

There could be other indirect benefits. One of the results of Emu membership is that investors will find it easier to compare two companies from different countries.

This will encourage more pan-European investment; and the UK will have a part in this, since it represents more than one-third of Europe in stock market value terms.

Moreover, Emu will encourage more European equity investment alto-



German finance minister Theo Waigel celebrates the euro era

gether, since the government is required to squeeze through the Maastricht criteria has sparked the realisation that governments cannot afford their pension bills. More people will have to fund their own pensions, and a lot of the resulting savings will be channelled into equities.

Of course, any move towards Emu membership will raise the hackles of those who believe UK membership of Emu would be akin to old John Bull handing over to the Germans.

Such folk will have turned apoplectic this week as more grand British brands prepared to cross the Channel.

Vickers finally confirmed acceptance of an offer for Rolls-Royce from BMW of Germany while EMI, proud owner of His Master's Voice and purveyor of the Spice Girls, admitted that it had been approached by a potential buyer.

The suitors have not been identified, but is assumed to be either Canadian or American. So another cultural icon could be shipped offshore.

Regardless of the economic benefits of such moves, they are clearly good for the stock market. And they are another demonstration that international investors still think there are cheap UK assets to be found.

Another was The Energy Group which, having repelled the UK investment community when it was part of the old-style conglomerate Hanson, suddenly attracted US investors like flies to a rubbish tip when it became a stand-alone utility, in spite

of the coalmine attached. PacificCorp effectively withdrew from the fray on Thursday, but Texas Utilities' \$400 bid still represents a 35 per cent premium over Energy's share price when it announced the first approach last year.

Of course, Alan Greenspan, chairman of the US Federal Reserve, could still pour cold water in the porridge of the so-called Goldilocks economic scenario – neither too hot nor too cold – that has been so supportive for world stocks.

The markets got a little taster for this on Monday, when fears of a more ferocious Fed knocked 141 points off the FTSE 100 index.

All those state bears who had been growling about Footsie's last 300-point rise were ecstatically predicting the end of the bull market.

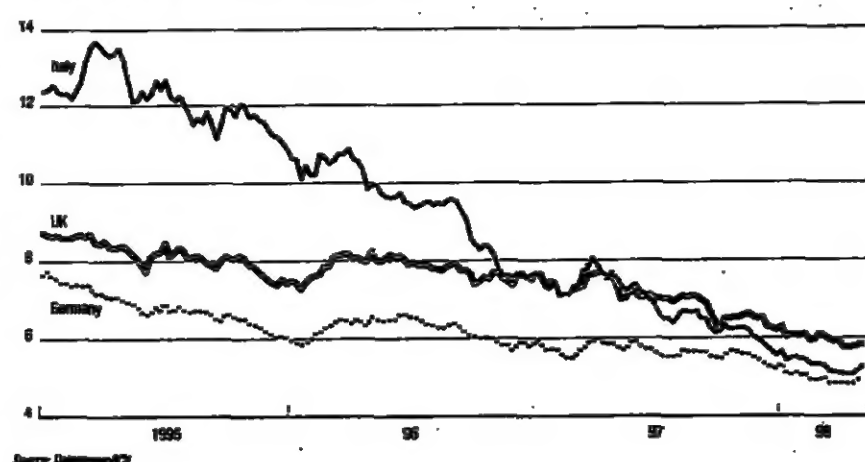
But Thursday's data round from the US suggested that Goldilocks remains alive and well and, in three days' trading, the Footsie more than made up for the losses of another black Monday. It even ended the week 146.4 points (or 2.5 per cent) higher at 6,010.2.

It is not clear whether Goldilocks will be attending this weekend's Emu celebrations, which will be bizarre enough as it is – they are to be hosted by a British prime minister, Tony Blair, who will be blessing a club he is refusing to join.

But even if the UK might appear to be the poorer in this Euro party, British investors may yet end up with some cause for celebration.

Good news for UK stocks as bond yields converge

10-year bond yields (%)



Highlights of the week

	Price	Change	52 week	52 week	
	Ytd	on week	High	Low	
FTSE 100 index	9010.2	+146.4	9105.8	4455.6	No rate rises expected
British Shilling	66	+15	265	42	Company flights criticised
Carlton Comics	520	+42	561	408	Re-rating
Cookson	272	+214	272	167	Positive broker comment
EMI	900	+110%	904	420	Bid approach
Stann Wellcome	1710	+150	1963	1150	US buying
Great Universal	900	+52	915	365	Aftermath of Argon victory
Holms	138	+16	148%	99	Positive press comment
JB Sports	465	+55%	823%	420%	Competition fears
Park Food	67%	+18	89	38	Expansion plans
Prudential	867	+67	1000	483	Starting to equities
Quadrant	187%	+31%	247%	154	Takenover speculation
Reed Int	534	+53%	730	508%	Profits warning reiterated
Rubbion	223%	+38%	226	80	Broker comment
Stagecoach	1222%	+115	1222%	591%	Corporate activity

Barry Riley

Central bankers on hold

They have been left with time on their hands



That embarrassing row over whether Wim Duisenberg or Jean-Claude Trichet is to be the first governor of the European Central Bank has hit the front pages this week. But just how important are central bankers these days? Oddly, they seem almost to have given up their main job, which is changing the level of short term interest rates to suit conditions.

Japanese rates have not budged for the best part of three years now. German rates have moved only marginally since the beginning of 1996, and US dollar rates have been almost static over the same period.

British base rates have been more volatile but, in fact, have been quite steady by historical standards: base rates have not diverged by more than 1 percentage point either side of 6.25 per cent since late 1992.

Asia outside Japan, of course, has been a different matter. In Korea and Indonesia, short-term interest rates have been as high as 25 or 30 per cent.

What are central bankers doing instead? Well, Akira Nagashima, an executive director of the Bank of Japan, found time this week to write a long letter to the FT to protest that the huge expansion of the BoJ's balance sheet over the past year "stems from a rather technical background". So that's all right, then.

In most countries, the collapse of inflationary pressures has left the central bankers with time on their hands. That does not apply

to Japan, where all hands are on deck to save the banking system, not to mention the yen. In the US and Germany, though, retail prices are causing absolutely no problems. But financial asset prices have been soaring and the long US boom, now feeding through into rising consumer and business confidence, is generating a worrying acceleration of credit growth.

Here, however, we come to a

news has remained good and the bond market improved sharply this week, even though the latest figures show that US economic growth has been racing along at more than 4 per cent.

Extended weakness in bonds, however, would indicate a disturbance of the benign capital flows that have kept the US markets so strong. Asian central banks have become regular

intentions have slumped, according to the latest CBI industrial trends survey. This damage is self-imposed because Labour has balked at increasing taxes on consumers.

The Americans may face an external constraint, however. With the economy refusing to slow down as forecast, and Wall Street continuing to over-heat, maintaining a strong dollar policy would look attractive. That would be assisted by an upwards tweak of interest rates – but that would risk pushing the Japanese crisis to a climax.

Hence Nagashima's attempts to reassure foreigners that the apparent creation of massive quantities of yen does not threaten to blow up dangerous bubbles when the money, unwanted at home, spills over into foreign financial asset markets. He leaves undiscussed, though, the question of whether the BoJ's flood of domestic liquidity contradicts the objective of a strong yen.

Central banking is really not much fun. It makes you wonder why people fight for the job. Somewhere out there, meanwhile, the credit markets are stirring. Even in Germany, the growth rate of broad money has flicked upwards. But the message from Brussels this weekend will be that all attention is focused on getting the euro off to a good start.

Whoever wins that scrap for the ECB crown, though, might find the job rather more demanding and interesting (in the Chinese sense) than expected.

Is the Federal Reserve scared that an interest rate rise would trigger a slump in the securities markets?

bad reason for inaction. Is the US Federal Reserve scared that a rise in interest rates would trigger not just a correction but a slump in the securities markets? The quarter-point rise in early February 1994 knocked the stuffing out of bonds and wiped out many speculators. Today's markets are in some respects even more over-extended. Monday's story of a possible May interest rate rise looked a little like official kite-flying. By yesterday, however, the damage to the Dow Jones Industrial Average had been repaired.

While the stock market fluctuates erratically, though, the direction of the dollar bond market looks more significant. From a low of 5.7 per cent in January, the 30-year Treasury bond yield backed up to near 6.1 per cent at one stage. This is the sort of trend that equities cannot ignore for long. But the inflation

sell-off of Treasury securities already this year, but private flows have probably remained strong. This is crucial in holding the dollar at least steady while US trade deficit widens.

Japan, however, is desperate to support the yen: the BoJ is reckoned to have sold more than \$20bn in April to underpin its own currency. Weakness in the yen would encourage the flow of capital overseas, with nervous Japanese citizens seeking to escape from their disaster-prone banks. The fear of a stronger yen (which would impose losses on Japanese holders of dollar and euro assets) is crucial to hold the financial system together.

But governments have a poor record in achieving the exchange rates they want. Thus, the British government has clumsily imposed a vicious exchange rate squeeze on UK manufacturers – to the extent that export optimism and investment

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FT WEEKEND

True Fiction

Pass mark before passport

Vacationing in Switzerland proves a testing experience for James Morgan

In mid-March the Swiss tourist board held its annual conference at Chur. There it was decided that Switzerland had had enough of tourists. It wanted to go upmarket and attract what can be best translated as "vacationers".

The slogan coming from the conference was *Ferien statt Tourismus* - "Vacation instead of tourism". Anyway, there is now a new "Vacation-brand Switzerland".

It was thus that I came to be one of the first group of candidates to take the *Diplom-Ferienbesucher*, or qualified vacation-visitor, examination which was held shortly afterwards at the Swiss Centre at Leicester Square in London.

Timed by an official cuckoo clock, I and three other candidates had to answer a series of Yes-No questions and then write an essay on two of any five topics.

The first part presented some remarkable problems: "If you were skiing in St Moritz would you consider a visit to the National Art Museum in Basel?" I wondered if it was a trick. Was the museum closed in the winter? Would it be absurd to imagine one could travel from St Moritz to Basel at that time of year? In the end I dithered and ticked the Yes box. I was right to do so.

That was typical of these questions. Switzerland was not for hedonists: they would have to pay for the privilege of staying there. Those who failed the exam, I discovered later, could actually effect an entry

either by becoming a resident, itself prohibitively expensive, or else by paying an *Eintrittsbeitrag* (entry fee), or entry suitability replacement tax.

My chosen essay subjects were "Valais and Appenzel - compare and contrast". That was quite simple: "Whereas Appenzel finds itself at the top of the alphabet, Valais is at the other end, especially in its German version."

And then I wrote thousands of words on "Swiss banks in the service of mankind". The notification of my success in this test - I was the only one of the quartet to pass - came with

a presentation gift pack. That contained a badge in the shape of an apple with an arrow through it, a pamphlet entitled "Three Interesting Facts about the Swiss Confederation" and a booklet containing all relevant monetary data since the Thirty Years War. And there was my ticket to travel to the confederation in the third week of April.

I arrived at Zurich airport to be marched straight into a coach sporting a banner inscribed *Ferien statt Tourismus*. It was more than half-full with successful candidates from as far afield as Manhattan, Monaco, Punta del Este, and the

northern suburbs of Johannesburg.

We were greeted by the president of Schweiz Tourismus, now renamed Swissvac, who told us how privileged we few were, as pathbreakers in the new Swiss vacation policy.

"You will be able to enjoy our country as nobody has since those first intrepid visitors arrived from England in the early 19th century to begin a trend that ultimately would end in disaster for Alp and elsewhere. We shall roll back those years to give you the Switzerland which greeted Lord Byron, but with mod cons and luxury."

Applauding this short introduction, we pinned on our lapel badges bearing the now familiar slogan from the coach's banner in four languages. We were then greeted by a member of the government with the words: "You are honoured to be here and we are honoured to have you."

We were driven to the railway station where our guide said: "Now we will cross some unspoiled areas of our country. You will be lucky to see those places never seen before by the swarms which once infested our homeland."

And so the train chugged through Zug and Chug. During

our journey we were treated to endless supplies of fondue and fondue and regaled with Swiss holiday jokes: "How do you get away from tourism? By going on vacation."

I shall not run through all the events which punctuated our progress through this Alpine wilderness, but the performance of *Rhinogold*, with yodellers and alpenhorn, in Schaffhausen was probably the high spot.

The lecture on how Emmenathal got its holes was less satisfactory, not nearly as interesting as the Nestlé food museum in Vevey which gave us a fascinating insight into the origins of gram.

I had a marvellous week as a diploma-visitor. And there waiting for me on the next train I got home was the fee for the travel tutorial, £4,300.

Reassuringly expensive: James Morgan is economics correspondent, BBC World Service.

Salt crystals sparkle like diamonds on the shores of San Ignacio, a vast lagoon on the desert coastline of Baja California, in northern Mexico. In the long shadows of the early morning, the salt flats might be mistaken for a cool, blue icefield, transported from the Arctic to a landscape of organ pipe cacti and stunted thorn bushes.

Even the shacks of lobster fishermen appear strangely untethered, resisting Pacific gales with only the shallow roots of desert plants. There is no electricity, no fresh water, and there are no paved roads. The nearest hamlet, an oasis of date palms founded by Jesuit missionaries in the 17th century, lies more than 60 miles inland.

Plans to transform this untouched shoreline into one of the world's largest saltworks, however, have brought the developers, Mitsubishi Corporation of Japan and the Mexican government, into conflict with defenders of a visitor from the Arctic.

The grey whale ends its annual 5,000-mile migration from the Bering Strait to mate and calve in San Ignacio's warm, shallow waters. Nature lovers also worry that the saltworks will destroy the bleak beauty of a desert environment.

In the silence of this remote inlet it is difficult to imagine San Ignacio as environmental battle-ground.

At issue is not only whether the proposed saltworks will harm the whale, whose numbers are beginning to recover after a century of slaughter, but, environmentalists say, the Mexican government's commitment to protect nature reserves.

San Ignacio lies on the fringes of the Vizcaino Biosphere Reserve. The largest protected area in Latin America, it extends over 6m acres of lava-strewn desert, jagged mountains, salt flats and lagoons - an area the size of New Hampshire, or Luxembourg.

Mexico's newly minted environmental laws, however, are vague on the subject of what kind of economic activities should be allowed within such a large nature reserve.

When the Vizcaino Reserve was created in 1983, it included a saltworks that had been in business for more than 30 years at Guerrero Negro, 100 miles to the north of San Ignacio. But Exportadora de Sal, jointly owned by Mitsubishi and the Mexican government, which operates the works, is barely profitable.

The salt must be transported in barges from a shallow lagoon at Guerrero Negro, to a nearby island, where it is loaded on to cargo ships headed for east Asia. Mitsubishi decided that the only way to ensure the profitability of the joint venture was to expand operations at a new site. San Ignacio's natural salt flats were chosen as the obvious location.

The \$120m project would allow Exportadora de Sal to double pro-



Arcadia

Mexican salt waters run deep

Environmental pressures may sink plans to make the country the world's largest salt exporter, writes Leslie Crawford

duction to 14m tonnes a year, achieve economies of scale, and catapult Mexico to the top of the world league of salt exporters. For the government, only just emerging from a financial crisis which nearly bankrupted the nation in 1985, the proposal was welcomed as a new source of valuable export dollars. It also promised to create jobs in an economically backward region.

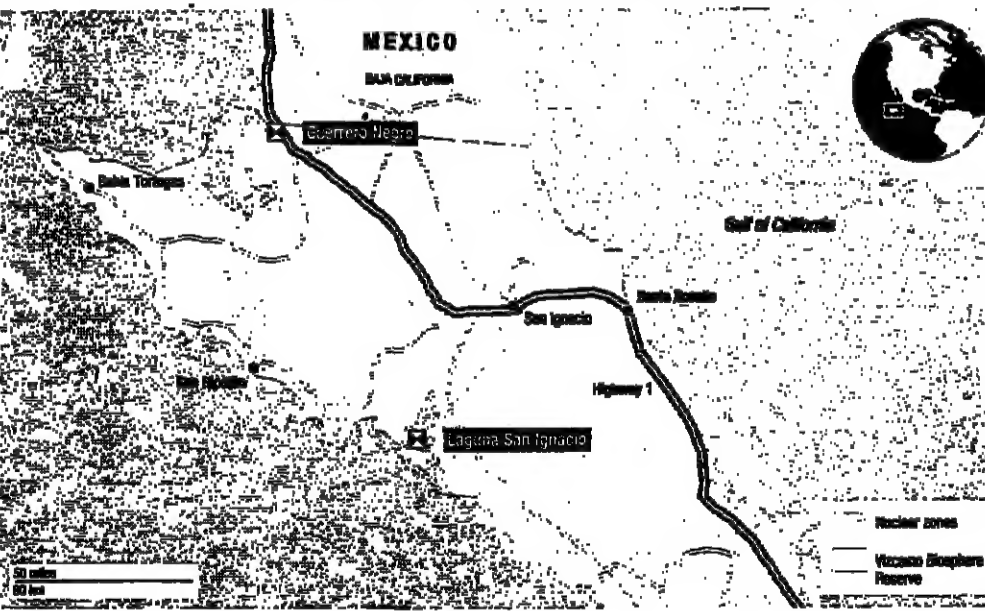
And in a country which lives in the perpetual shadow of its all-powerful northern neighbour, the proposed saltworks, in the face of environmental opponents in the US, as the right of a struggling, developing nation to exploit its renewable natural resources.

The San Ignacio saltworks quickly became a cause célèbre for environmentalists in Mexico and the US - and a public relations disaster for Mitsubishi. Early last year, a Mexican environmental group staged a gathering of international glitterati on the shores of San Ignacio to launch a campaign to stop the project.

Jean-Michel Cousteau invoked the memory of his father, Jacques, to make an impassioned defence of the grey whale.

Robert Kennedy Jr, son of the late US attorney-general and a lawyer for the National Resources Defence Council, said: "We do not have the right to destroy something we cannot recreate. If we destroy the whales, we ourselves will be diminished."

The actress Glenn Close, who



took along her eight-year-old daughter, Annie, added: "We will take back the blessing of the whales and the sacredness of this place."

The publicity scored by environmental groups have held up Mitsubishi's plans. The emotional response to the plight of the grey whale is easily understood.

At the turn of the century, San Ignacio was the favourite killing ground of commercial whalers, who hunted the grey to near extinction. Charles Scammon, whaler turned naturalist, described how whalers har-

pooned the calves first to lure mothers within killing range. Largely thanks to Scammon's harrowing accounts, international treaties began to offer partial protection against whale hunting from 1937 onwards. In the 1970s, Mexico became the first country to declare the grey whale a protected species. San Ignacio is the last of three breeding lagoons on the Baja California coast to remain untouched by industry.

Mitsubishi claims there is no scientific evidence that its salt-

works at Guerrero Negro, near the breeding waters of Scammon's lagoon, has affected grey

whales. In full-page advertisements taken out in US and Mexican newspapers, it claims it has been "living in harmony with the grey whales and other wildlife of Baja California" for nearly 40 years.

The company says the planned saltworks will not damage the biosphere reserve. "There will be no smokestacks, and very few buildings, power lines or other traditional signs of industrial activity. The raw material is sea water, the product is salt, and the primary power sources and sole catalysts are the sun and wind. The process is as close to

nature's own method for generating salt as is possible."

Such arguments have not swayed Mitsubishi's opponents. The uproar, meanwhile, has caused the Mexican government to withdraw its unconditional support for the project. To win time, and placate protesters, environmental officials appointed a panel of international experts to draft guidelines for a new environmental impact assessment of the project.

These new guidelines are so strict it may take years for Mitsubishi to gather all the requested data. Among other things, the company will have to commission studies on the impact of construction noise and marine traffic on the migration patterns of grey whales.

It will also have to test the effect on nearby lobster and clam nurseries of pumping large amounts of sea water from the lagoon to feed the saltworks/evaporation ponds. Local communities are also being given a say on whether they want a saltworks in their midst.

San Ignacio's fishermen feel ambivalent about the saltworks. Some believe it will bring jobs and prosperity. Others fear Mitsubishi's promised improvements - including paved roads and electricity - will attract more fishermen to the remote lagoon.

"This is a closed society," says Rogelio Zizumbo, a marine biologist. "Local fishermen are suspicious of outsiders or anyone who arrives to exploit their

resources." Manuel Gardia, who manages a local lobster fishing co-operative, said: "The saltworks might not damage whales, but its social impact could be devastating."

"This is a desert," he explains. "There is no fresh water and the lagoon barely supports a few hundred fishermen."

"What would happen if hundreds of new families came to live here? We would immediately have conflicts over land tenure and water rights."

Environmental groups, meanwhile, have begun working with the fishermen to develop economic alternatives to the proposed saltworks. The World Wildlife Fund for Nature estimates whale watching and other tourism activities bring \$400,000 a year to local communities. With better management, it says, that income could double.

The WWF also believes developing the Vizcaino Reserve fisheries, with its catch of abalone, lobster, prawns and fin fish, if sustainably managed, is a better long-term alternative for regional development than the saltworks.

"San Ignacio is setting a precedent for decision-making about protected areas in Mexico," says the WWF's Guillermo Castilleja. "The government must decide whether one of the largest saltworks in the world is an acceptable industrial activity for a biosphere reserve, and for a relatively untouched world heritage site."

Metropolis

The pride of a political movement

The morning after the night before is a cause for celebration in Shanghai, says James Harding

When I started doing this job, I did not expect to become famous," says Pan Yiren. "I did not think I would turn out to be so popular or so well known." This is not so much modesty, as honesty. Pan is a night soil worker and when he started out 40 years ago on a career shovelling excrement from the cesspits, soilpiles and bedpans of Shanghai, he did not expect to become a celebrity.

But this is China, where the sewage worker and the lavatory cleaner have a special place in the pantheon of the Communist party's anointed heroes. Over the years, the slurry-handlers who dredge and transport man-made manure from the city's latrines to fertilise crops in the countryside have proved an ideal medium by which to spread the message of the nobility of work.

There have been songs: "You are the angels of health and happiness... Cleaners of a new generation, I want to sing for you, sing for your beautiful spirit." Slogans celebrated their self-sacrifice: "Let one man be filthy, for the sake of 10,000 clean homes."

And, outside the Workers' Cultural Palace in Beijing, a life-size

bronze statue of a cheery labourer carrying a bucket of human stools now stands as a monument to the memory of China's most famous man of the night: Shi Chuanxiang.

In the 1950s, he was canonised as a "national model worker", and taught the vice-mayor of Beijing how best to clean out an overnight potty and carry a bucket full to the brim on his back.

Pan Yiren, too, is one of the chosen. The government newspapers have carried front-page peans to him and, earlier this year, he was selected as a member of the city's parliament, the Shanghai People's Congress.

Now he sits in his concrete-floored apartment in one of the rows of crumbling housing blocks on the outskirts of the city. The prosperity of economic reform has passed him by. He

wears patched, baggy overalls, a faded Mao-style blue factory jacket, a blue cap and a pair of gumboots. Arthritis has started to twist his fingers and age has loosened the rough skin on his hands. He has a proud, distinguished face, with wispy owl's eyebrows and a ready smile that reveals teeth stained by a lifetime of tea and cigarettes.

He has also mastered the model worker's patter. When asked whether he minds the inevitable stench, he responds: "I do not fear the filth! I do not fear the stink! I do not fear the smell! This is work that has to be done for the people. I want to serve the nation." This with a glance for approval at the local party official who has offered to join us for the afternoon. "I want to be a night soil worker all my life."

Unfortunately for the night soil workers, though, the industry is

in trouble. In its heyday, during the first half of the century, night soil collectors would bid for the right to pick up Shanghai's excrement, which used to pile up in the municipal latrines or be

To get technical about it, some stools were better than others

left out by the city's residents in ceramic urns or wooden buckets. It was then sold to the farmers of the Yangtze delta.

To get technical about it, some stools were better than others. Night soil was priced in six cate-

gories, with the nutrient-rich effluent of Shanghai's wealthy meat-eating classes considered top grade dung, while the human waste from the working-men's slums, where diets were restricted to little more than rice porridge, was cheapest.

Over time, there were innovations, such as mechanised trucks rather than hand-pushed barrows; pumps to empty the municipal cesspits replaced men with shovels; and the arrival of indoor plumbing. Some things stayed the same. The revolution eradicated class, but the classification of night soil continued. "We used to taste it to test it," he says, dipping a finger into an imaginary bucket. A dab on the tongue would tell you if it was salty (good quality) or bland (bad quality). Thankfully, that task has disappeared with the introduction of an automatic measuring

device.

The spread of chemical fertilisers has done most to undermine the profession. There are a few farmers who still swear by the superior fertilising qualities of the man-made product, but, says Pan, "most of the farmers use chemicals nowadays... and most of the night soil goes through the pipes and into the sewers."

The decline of the industry has done little to damp the Communist party's passion for the night soil worker. As China modernises, the party has latched into a nostalgic search for models that personify the leadership's stated goal of building "socialist spiritual civilisation".

Workers are paraded as exemplars of this woolly notion of thrift, decency and the old party values. For example, Xu Hu, Shanghai's finest plumber, Wang Tao, the model mechanic, and Li

Sun, Beijing's best bus conductor, have been plucked from obscurity as personifications of the model worker.

But the state-sponsored loans mean little to modern-day Shanghaiese. The youngsters' heroes are Pan Zhiyi, the footballer with a colourful private life, or Michael Jordan, the Chicago Bulls' basketball star. And bigger than them all is the actor "Liang-naduo" (Li Caprio); clean cut, perturbed, sanitised and a long way from the life of Pan Yiren.

Perhaps, Pan should be grateful for the neglect. Of all China's hardest night soil workers, Shi Chuanxiang's fame burned brightest, but his fall from grace was swift and brutal. During the Cultural Revolution, he suffered repeated beatings and died a humiliated man.

As he cycles through his neighbourhood, with rods, shovels, brushes and plunger strapped to his bike, Pan goes by all but unnoticed. One woman on her way to a street market, though, spots him: it is blocked drains.

China No 1228: Night-soil workers - Shi Chuanxiang's replica are shown.

Handwritten text in Arabic script: "مجلس الشعب" (People's Council).